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# ***JPRS Report***

## **East Asia**

### ***Southeast Asia***

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16 NOVEMBER 1987

# EAST ASIA SOUTHEAST ASIA

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USSR MOVES, SOUTH PACIFIC REACTIONS SUMMARIZED

Paris EST & OUEST in French Jul-Aug 87 pp 10-13

[Article by Pierre Rigoulot: "Soviet Thrust in the South Pacific"]

[Text] Through successive nuclear disarmament proposals and an unprecedented propaganda campaign, the Soviets are now directing their main efforts toward West Europe and the Federal Republic of Germany in particular, hoping in the long run to achieve a "decoupling" of the old continent and the United States.

However, their current political and military power is such that they can try to make progress in all parts of the world at the same time. The place occupied by the Soviet Union and its allies in the main international organizations, the United Nations in particular, is one sign of this. The regular denunciation in the Soviet press of the "neoglobalism" of the Reagan Administration is another for those who keep up with the ever-so-common practice of "projective disinformation," meaning disinformation designed to condemn the USSR's adversary (1) for what it is beginning to practice itself!

The USSR has long been active in the African theaters of operation (Angola, Mozambique, Ethiopia), the Middle East (South Yemen, Syria) and Central America (El Salvador, Nicaragua). We must now look to another part of the world when trying to describe efforts to expand its influence: the Pacific.

Observers often point to the famous speech delivered by Mikhail Gorbachev in Vladivostok on 28 July 1986 when seeking the origins of Soviet ambitions in the region. Actually, in this speech so broadly disseminated in the West, the general secretary of the CPSU denounced "the annexation of Micronesia, interference in the Philippines and pressure on New Zealand" and "observed" that "the militarization and intensification of the war threat in this part of the world are beginning to take on dangerous dimensions.... That is what worries nations on these shores the most," he said. "It also alarms us from every point of view, including considerations relating to the security of the Asian portion of our country."

In order to find justification for this new "march toward the east," one can in fact go back to the 27th Congress of the CPSU. According to the political report presented by Gorbachev on 25 February 1986, "the scope of the Asian and Pacific sectors is increasing. That vast region is host to many complicated contradictions and the political situation in certain places is unstable.

We must begin immediately to seek out specific solutions and paths. It is probably fitting to start by coordinating and later combining efforts in the interest of a political settlement...." (2)

Why should such attention be officially turned to the Pacific?

For Mikhail Titarenko, director of the Far East Institute of the Academy of Science of the USSR (3), it is nothing more than a matter of "providing conditions favorable for a peaceful life and work of the Soviets." To do so, there must be "a solid zone of peace and security, mutual trust and understanding and fruitful cooperation" on the far eastern borders of the USSR.

How is this to be achieved? How are such efforts to be "coordinated" and "combined"?

On 31 March 1987, Igor Rogachev, deputy minister of foreign affairs for the Asia-Pacific region (the "RAP," as Soviet officials call it in a language more reminiscent of military codes than of Gauguin or the women of Tahiti), outlined the themes of the USSR's propaganda: the nonproliferation of nuclear weapons, a reduction in the activities of fleets and a reduction in conventional forces. He also stated the zone of interest to the USSR, mainly the South Pacific. A smaller presence than in the North Pacific of American forces, which they would thus try to get around, the power of an antinuclear movement in the region and the existence of at least one reliable, "friendly" government, in Vanuatu, easily enable one to understand the attention the USSR is devoting to the zone.

However, a new attempt at Soviet penetration must, in order not to tarnish the peaceful image which the USSR wants to present to Westerners, combine both adroitness and discretion, whence the reassuring statements and oft-repeated protestations of good faith: "The policy of the USSR aimed at developing its relations with the small countries in the South Pacific does not aim to do harm to any Third country," Rogachev recently said. Then he glibly added, in Paris on 3 March 1987, that: "They explained that France had been in the Pacific for 200 years and that it had interests there. We hope it will remain there for 200 more years and we respect its interests."

However, he went on to explain: "We also ask France to respect the principles of our policies."

On 5 May, Eduard Shevardnadze, minister of foreign affairs, stated the following: "We have no sinister plan in mind, only a concern for developing tourist and commercial ties in the area."

One could scarcely be more conciliating or present a more candid image.

However, a closer examination of the facts shows that behind this claim of developing commerce and tourism is the USSR's determination to control and even hinder Western navigational routes (mainly military) and increase its political influence, while at the same time reduce that of the West.

What means are being used to implement this plan?



As is very often the case in secondary theaters of operation, the Soviets first of all took advantage of a timely mistake to start their progression, in this instance, the casualness with which American fishing boats docked off the tiny nations in the region without requesting the slightest authorization or paying a penny in taxes. The error has now been corrected, but it furthered the Soviets' designs. In 1985, the latter signed an agreement with the Kiribati Islands (the former British colony of the Gilbert Islands), authorizing, in return for financing, their "trawlers" to enter their waters. While that agreement was not renewed the following year, another more important one was concluded with Vanuatu (formerly the New Hebrides) on 27 January 1987. A Soviet mission also went to the Fiji Islands to negotiate a similar accord, but its application remains pending due to the recent coup d'etat.

Soviet boats are not merely interested in the different types of fish in the region. Many of them are equipped to exercise surveillance over the movements of the American fleet and military facilities in the region, particularly in Australia and Western Samoa, which house vital American missile-launching and satellite tracking stations (4). The curiosity of the Soviet "civilian" ships is so great that the Australian Government only recently refused permission to an "oceanographic vessel" (which had shrewdly obtained the backing of a UN agency) to engage in research off its coast.

The USSR's main effort in the region nevertheless lies elsewhere, consisting of developing an already powerful antinuclear movement even more. Conditions are favorable. In 1984, New Zealand Prime Minister David Lange decided to place his country's ports off limits to any nuclear vessel or one that might be carrying nuclear weapons (5). Actually, the Americans, to whom they are bound by the ANZUS military pact, were the only ones affected.

New Zealand was quickly followed by Kiribati and Vanuatu (the latter doing even better, forbidding Australian ships to dock at its ports). The Fiji Islands prepared to take an identical measure. On the evening of their election victory of 12 April 1987, Laborites announced that the banning of American ships would be among the first decisions of their government.

One can imagine the Soviets' satisfaction upon learning such news, equaled only by that felt with the announcement of the creation of a denuclearized zone in the region. Given the fact that their presence is far weaker than the Western presence (6), the Soviets have more to gain than to lose from the establishment of the denuclearized zone contained in the Rarotonga Treaty that went into effect on 11 December 1986: "The Soviet Union has supported this measure from the very beginning and was the first nuclear power to sign protocols 2 and 3 of the treaty," Titarenko wrote (7). Moreover, Gorbachev, he emphasized, favored the creation of other denuclearized zones and a meeting of leaders from the region in none other than Hiroshima!

Expansion of the denuclearized zone north of the Equator would in fact be of great interest to the Soviets. The region is essential to the use of the American IDS. Moreover, the first missile to intercept an ICBM fired from the West Coast of the United States was from the Marshall Islands. As for the signing of the treaty by the USSR, it is more of a political operation than any real commitment. Titarenko failed to list the restrictions

explicitly set forth by the Soviets at the time of the signing. And yet, they are important because they amount to reserving the USSR's right "to use nuclear means to strike a potential adversary in the treaty zone and even a signatory member which, by virtue of privileges extended to ships, American, for example, may have contributed to the allied effort in the military domain" (8).

These political and diplomatic maneuvers are joined by other more subtle elements:

1) encouragement to the establishment throughout the world of networks providing support for pacifists in the region. One learns with interest that the prize of the "Danish Peace Foundation," some \$10,000, was just awarded to Helen Clark of the New Zealand Labor Party and Hilda Halkyard-Harawira, general secretary of the Movement for a Denuclearized and Independent Pacific, who attacked "imperialism" at the award ceremony. Other associations are being set up (9).

2) establishment of a "point of anchorage" in the region with Vanuatu. That small territory, headed by Walter Lini, a "progressive" Protestant minister, deserves the praise heaped on it by the Soviet press. It is a member of the Nonaligned Movement, favors a ban on nuclear testing, is hostile to the IDS project and critical to the Ratoronga Treaty, which it deems inadequate. Vanuatu established diplomatic relations with the USSR on 30 June 1980, but also with Cuba, Communist China, North Korea and Vietnam (10).

3) the infiltration of Labor Parties, members of the Socialist International. That infiltration seems quite advanced, judging by the fact that the NOUVELLE REVUE INTERNATIONALE, controlled by Moscow, has now opened up its columns to some of their representatives in the region.

Thus it was that in May 1987, Stewart MacCaffey, first vice president of the Labor Party of New Zealand, expressed pleasure over the fact that Mikhail Gorbachev wanted a conference to be held comparable to the one in Helsinki, attended by the different countries in the region. He mainly wanted to emphasize that "cooperation is constantly expanding between us socialists and the Communist Parties in power in the USSR and the East European nations. That cooperation had previously been obstructed by an exaggerated inclination toward propaganda.... Even today, New Zealand media sometimes attack the CPSU. But anyone who goes to the USSR sees that all peoples in the world want only peace."

4) the founding of a "friendly" trade union movement. That effort is obviously linked to the preceding one. Timothee Bavadra, the recently ousted leader of the Fijis and seasoned in the ways of Australian and New Zealand trade unionists, was the founder at the end of 1985 of a Labor Party supporting nationalization of the land and membership in the Nonaligned Movement.

Trade unionists are also observed in the circles of power, as in the case of Barabi Sope (a man who had ties with Libya and who it is said could succeed Walter Lini at the head of Vanuatu) or in leadership circles of opposition to

an established government, such as Louis Kotra-Uregui and Claude Wedna, respectively president and vice president of the Trade Union of Kanak and Exploited Workers.

In order to have a better grasp of this trade union aspect of the communist and Soviet thrust in the region (11), one should read the list of participants in the 11th Congress of the FSM held from 16 to 22 September 1986 in East Berlin. Australia was represented by 22 delegates (more than the USSR, Brazil or France!); New Zealand by 12 (compared with the active population of these countries, this overrepresentation is even more accentuated). There was also a trade unionist from Kiribati (with the rank of observer, naturally), one from Vanuatu (Ephram Kalsakau), two from the Salomon Islands, two from Papua, New Guinea, one from the Western Samoa and two from the Fiji Islands: the president of the teachers union, Krishna Datte, and the national secretary of municipal employees, Mahendra Sukhdeo, both "also" directors of the campaign of the Fiji Labor Party in the last elections!

5) Libyan action. Should one add, as the fifth pro-Soviet maneuver, the appearance of the Libyans in the area? It is true that Libya has let it be known that it supported pro-independence Kanaks of New Caledonia or Australian aborigines, along with various separatist or pro-independence groups in Tonga, the Salomon Islands, New Guinea, and so on. It is also true that their presence is documented in Vanuatu, at least until recent weeks. But Colonel al-Qadhdhafi's reputation is such that his aid often cuts his beneficiaries off from other allies and increases the distrust of their adversaries. This was manifested when Yann Celene Uregli, one of the leaders of the FULK (one of the members of the FLNKS [Kanak National Socialist Liberation Front], of which he is minister of foreign relations), returned from Tripoli in April 1987 and stated that "since France had gone in with weapons, we shall drive it out in the same manner". Rather annoyed, the other FLNKS officials said he was speaking only for himself. A few days later, it was an Australian aborigine, Mikhael Mansell, who came back from Tripoli with shattering proposals. The Australian Government's reaction was immediate: It would cut off aid to any aboriginal groups accepting Libyan aid.

It therefore seems certain that the Australian and New Zealand Governments have only recently understood the growing danger of a real Soviet penetration of the region. Six months ago, on 5 March 1987, the Australian prime minister was among those who thought that "we must respond favorably to the Soviet thrust into the region, provided that thrust is constructive" (LE MONDE, 5 March 1987). A remote possibility! Australian leaders have just decided to devote \$20 billion to the speedy rearming of their country and New Zealand will modernize its army. On 24 April 1987, the No 4 man in the Soviet Embassy in New Zealand, Sergei Budnik, was kicked out for "activities incompatible with his status" (12). On 1 May, the leaders of New Zealand and Australia met symbolically at a military base. While it was officially only a question of the Libyan penetration, one can legitimately imagine that the Soviet threat was discussed.

Soviet protestations of innocence, accusing "Western capitals" of taking their Hollywood fantasies in the "Red Dawn Over Southern Seas" for reality, or of

"transmitting to local authorities, in Wellington, for example, their experience in spy mania inoculation" (13), will not work. Moreover, there should be an echo of that awareness of the communist danger at the conference of the South Pacific Forum, an organization of countries in the region, to be held in Apia in the Samoan Islands at the end of May 1987.

#### FOOTNOTES

1. See "The New Way of Thinking and Neoglobalism" (VIE INTERNATIONALE, 1986, No 5) or "The Doctrine of Neoglobalism in Washington's Imperial Policy" (VIE INTERNATIONALE, 1986, No 10).
2. BULLETIN D'INFORMATION, No 9, p 92.
3. KOMMUNIST, No 1, 1987.
4. Francois Godement, in "France and the South Pacific," Foreign Policy, 1, 1987.
5. The same decision was made by Australian and New Zealand Laborites in 1974, then canceled after their election defeats.
6. Their ships (still) have no docking point in the region and their strategic bombers (even from the Vietnamese bases of Cam Ran or Da Nang) do not cover it entirely.
7. Op. cit.
8. Francois Godement, Op. cit.
9. "Military and Subversive Treaty Analysis," V. 3 May 1987.
10. In his famous speech at Vladivostok (word for word: "conquering the East"), Gorbachev expressed satisfaction over diplomatic relations with Papua-New Guinea, the Western Samoan Islands, Tonga, Fiji, Kiribati, Nauru, Tuvalu and Vanuatu.
11. See the article by Claude Harmel on New Zealand trade unionism, EST & OUEST, No 23.
12. The last deportation went back to 1980: Ambassador Sofinski was kicked out after being convicted of financial aid to the New Zealand United Party, the local CP being rebuilt.
13. Editorial in the TEMPS NOUVEAUX, No 20, May 1987 ("Two Trends in the Pacific").

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TRADE MINISTER ON TRADE WITH PRC

Jakarta ANTARA NEWS BULLETIN in English 8 Sep 87 p A8

[Text] Trade Minister Rachmat Saleh has called on the People's Republic of China to contribute ideas to increase the trade opportunities of the developing countries.

The request was made when the minister received a trade delegation from the country led by the chief of the Chinese Council for the Promotion of International Trade (CCPIT), Jia Shia, Friday.

Rachmat Saleh said that the developing countries had been troubled by the growing protectionism in the world market.

Therefore the CCPIT must also think of ways to make the world market open bigger besides developing bilateral trade relations, he said.

The minister considered that Indonesia-PRC trade would be bright in the future saying that the trade between the two countries had always increased every year.

Jia Shia said PRC agreed that direct trade between Indonesia and the PRC should be expanded to cover non-traditional goods. "RI and PRC must supplement each other", he stated.

Indonesia and PRC opened direct trade relations in 1985. Indonesia has always suffered a deficit in its trade with PRC, according to data.

Indonesia underwent a deficit of US\$164.7 million in 1985 and US\$198.1 million in 1986, according to data from the Central Bureau of Statistics.

Indonesia usually imports soybeans, cotton, nut oil, fodder from the PRC while its exports to the country include plywood, fertilizer and aluminium.

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CSO: 4200/013

INDONESIA

IRIANESE BORDER CROSSERS RETURN

Jakarta ANTARA NEWS BULLETIN in English 8 Sep 87 p A8

[Text] As many as 6,075 border crossers from Indonesia's province of Irian Jaya have returned home from Papua New Guinea this year.

Irian Jaya Governor Izaac Hindom in his accountability report on his 1986-1987 administration to the regional legislative assembly Monday said 1,073 border crossers had returned home through a liaison team while 5,002 others upon their own will.

To deal with the border problem, Indonesia and Papua New Guinea signed a basic agreement in 1984 and have since then held several meetings in both countries alternately.

Izaac Hindom said Indonesian and Papua New Guinean border crosser committee officials had continuously held meetings in efforts to control the border regions of the two countries.

Various activities such as an exchange of visits by social charity groups and cultural troupes have also been organized.

To promote bilateral trade, Indonesia has set up cooperative shops along the border line to serve the Indonesian and PNG peoples living in the border areas.

He added an exchange of information on the development activities on the border region has also been organized in a bid to avoid misunderstandings, he added.

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CSO: 4200/013

ALI WARDHANA DISCUSSES DEREGULATION, PROTECTION

42130109b Jakarta SUARA KARYA in Indonesian 13 Aug 87 pp 1, 11

[Article: "Ali Wardhana Says Deregulation Is a Process for Making the National Economy Operate More Efficiently"]

[Text] Jakarta (SUARA KARYA)--Deregulation is a process that enables the national economy to operate efficiently, can reduce high costs, and makes it possible to compete favorably in the domestic as well as in the foreign market. Deregulation also does not correct mistakes made earlier.

This explanation was given by Professor Ali Wardhana, MENKO [coordinating minister] of EKUIN [economic, financial and industrial affairs] and WASBANG [development supervision], recently in Jakarta in an interview with MEDIA KARYA concerning the series of deregulation policies which the government has instituted since 1983.

According to the MENKO EKUIN, fundamentally deregulation is not only a measure used to counter problems in the short term but also is an arrangement for creating a stronger foundation for development in the long term.

This, among other things, can be seen from the deregulation of trade, which earlier had been protected by quotas but now is managed through tariffs. This means that an unlimited amount of overseas commodities can enter Indonesia as long as the exporters are able to pay the established tariffs.

Thus, this will focus national entrepreneurs on competition so that they must really work efficiently in order to be able to compete and remain in business. If entrepreneurs continually build their efficiency, this, in the long term, will have a positive effect on accelerating national development.

Not a Corrective Measure

"Overall, deregulation is not a measure to be used to correct mistakes made earlier," said Ali Wardhana.

As an example of this, he cited the industrial field, which at the beginning of development, had to be protected because these industries, according to the

MENKO EKUIN, could not be left open on their own to overseas power and influence. "We gave them time earlier so that they could remain in business," he said.

When these industries became capable of growing, industrial protection was restructured and little by little it was lessened because too great protection also could hit domestic consumers because they would have to buy products at higher prices.

Of the various deregulation policies instituted by the government, according to Ali Wardhana, the stiffest was INPRES [presidential instruction] IV of 1985.

"The INPRES was instituted because it was felt the business world tried to carry a heavy burden because of the high cost economy for goods traffic that was tied to customs duties," he said.

As to the deregulation of the banking system, according to the MENKO EKUIN, the problem at that time was the drop in the price of oil. This resulted in limited government funds although development had to be maintained. With that deregulation, it was hoped that the government could mobilize as much funds as possible from the people so that national development could be financed.

Concerning the May 6 Package, according to Ali Wardhana, the aim actually was to support exports. Under this policy, entrepreneurs who operated in the export field could obtain cheap basic materials because imports of basic materials were expanded. The capital investment sector was deregulated in October 1986, according to the MENKO EKUIN, because the government wanted to support both domestic and foreign investment.

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## INDONESIA

### GOLKAR NOMINATES NU MEMBERS FOR PEOPLE'S CONSULTATIVE ASSEMBLY

Jakarta TEMPO in Indonesian 15 Aug 87 p 16

[Article by Amran Nasution; first paragraph is an introduction by TEMPO]

[Text] At least three leaders of the NU [Muslim Scholars Organization] have been nominated by GOLKAR [Functional Groups Party] to be members of the MPR [People's Consultative Assembly]. This is not in return for services rendered because they "deflated" the PPP [Development Unity Party] in the recent general elections.

Haji Syaiful Mujab has suddenly emerged as one of the five members of the MPR representing the Special Area of Yogyakarta. In the past this first chairman of the Executive Committee of the NU was a member of the MPR, representing the PPP. However, at the election held at a session of the Yogyakarta Special Area Assembly on 6 August Syaiful was nominated to the MPR by the GOLKAR Faction. Syaiful, a businessman active in the hotel and construction services sector who until now was known as a "banker" of the PPP in Yogyakarta, said: "I was informed of this last month by K. G. P. H. Mangkubumi, chairman of the Regional Executive Council of GOLKAR. well, I accepted."

On 8 August, at a plenary session of the East Java Provincial Council, the GOLKAR Faction there also nominated an NU leader as a member of the MPR, the highest state institution. He is K. H. Imron Hamzah, 50 years old and deputy chairman of the East Java Provincial Council who represented the PPP in the previous session of the council. Imron Hamzah said: "The fact is that I was chosen by the GOLKAR Faction. This means that I am still needed to meet the aspirations of the province."

And in Jakarta the GOLKAR Faction has nominated H. Mochammad Syah Manaf for a similar position. This leader is the deputy chairman of the Executive Committee of the NU and is also chairman of the Jakarta branch of the NU. Until 1985 he was still coordinating chairman of the PPP branch in Jakarta.

As in the case of Syaiful Mujab, Mochammad Syah Manaf, who has been a businessman and a director of the newspaper PELITA until his election, is also a member of the MPR, representing the PPP. The fact is that these three NU leaders up to now have been known as not being fully in agreement with J. Naro, the general chairman of the Central Executive Council of the PPP.

For example, Syah Manaf, who is 56 years old, once teamed up with Soedardji, Syarifuddin Harahap, and Badrut Tamam Achda in preparing a motion of no confidence in Naro's leadership. In March 1985 this leader, who was born in Jakarta, even appointed himself general chairman of the Central Executive Council of the PPP. This confusion was resolved after Minister of Home Affairs Soepardjo Rustam took a hand in the matter, and Syah Manaf was set aside.

During the recent general elections, the names of these three men were not included in the candidate list of the PPP. However, their names were mentioned in connection with the effort to undermine the PPP, which was sponsored by a number of NU leaders. Syah Manaf appeared in support of the GOLKAR campaign in Jakarta, West Java, and Central Java. Syah Manaf, who is rector of the University of Jakarta, admitted that he began to support GOLKAR around the time of the Jakarta regional conference of the PPP 3 years ago. he said: "All NU branches in Jakarta supported my attitude."

Syaiful admits having urged NU members to enter GOLKAR after the NU congress in Situbondo in 1984, which decided that the NU should return to the NU line of struggle of 1926. The former chairman of the Regional Executive Council of the PPP in Yogyakarta said: "I did that in my speeches. Indeed, I inserted it in my sermon. Basically, half of it was a sermon and half of it urged people to enter GOLKAR." During the recent general elections campaign, although he was still a member of the MPR, representing the PPP, Syaiful Mujab clearly emerged on the stage as a GOLKAR campaign worker. How could a PPP member campaign for GOLKAR? He says: "By the time I resigned as chairman of the PPP in August 1984, I had already left the PPP."

After returning to the NU line of 1926, which was approved by the Situbondo congress, in an organizational sense the NU had already broken its links with the PPP, and its members were free to choose any political organization to support. However, it is clear that there were many NU leaders who inclined toward GOLKAR and who were trying to "deflate" the PPP.

Some hold the view that the appointment of Syaiful Mujab and his associates to the MPR is a reward by GOLKAR for services rendered, because they succeeded in undermining the PPP. Achmadi, chairman

of the Jakarta Regional Executive Council of GOLKAR, said: "In fact we do not doubt that such opinions are circulating." According to Achmadi, the GOLKAR Faction in the Jakarta Regional Council based its decision to nominate Syah Manaf solely on the view that he is a clearly prominent leader, which is the principal criterion for nominating an MPR member representing one of the provinces.

Achmadi points to the Minister of Home Affairs' Letter of Decision Number 43 of 1986, which regulates the manner of nomination of members of the MPR representing the provinces. This group of representatives is selected from prominent members of present factions in provincial councils. As members of the MPR they no longer represent their factions. Rather, they represent the aspirations of the province from which they come. Achmadi declared: "Syah Manaf met these criteria. It happened to be a fact that he represented the aspirations of the NU."

The MPR, which will meet in March 1988, has a membership of 1,000 people, or twice the number of members of Parliament. Out of this total 500 are members of Parliament, 100 are representatives of various groups, 253 are representatives of organizations which took part in the general elections and of the functional group of the Indonesian Armed Forces. The composition of these representatives is based on the various components in Parliament following the general elections. There are 147 provincial representatives, including provincial governors and regional leaders selected by provincial councils. Syah Manaf and his previously mentioned friends are members of this group.

The Central Executive Council of GOLKAR has never adopted a policy of recruiting NU members to become their regional representatives in the MPR. Sarwono Kusumaatmadja, the secretary general of the Central Executive Council of GOLKAR, said: "That is a regional question. There is no special directive from the Central Executive Council."

Akbar Tanjung, deputy secretary general of GOLKAR, has said that, although NU members were elected, that is only a sign of the approaches made by GOLKAR officials toward existing, potential figures in society. He said: "This includes those within the NU."

It appears that the PPP is accepting what has happened. Mardinsyah, secretary general of the PPP, has said: "In our view there is no problem. What is clear is that they consider that the PPP does not yet know how many of its members have changed their allegiance from the Star [PPP symbol] to the Banyan Tree [GOLKAR symbol]. Clearly, in the recent elections the PPP vote declined to 16 percent of the total (working out to 61 seats), compared with the previous election, when it obtained 27.78 percent of the vote (94 seats)."

However, Mardinsyah would not object if at some time in the future the "strayed members" would again take shelter under the symbol of the Star, provided that they meet the requirements in the party constitution by by-laws. Is anyone interested in doing that?

## BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

MAJ GEN SUGENG SUBROTO--The position of commander of Military Region V/Brawijaya was transferred on 11 August from Maj Gen Syaiful Sulun, the former incumbent, to Maj Gen Sugeng Subroto. The newly installed commander of Military Region V/Brawijaya was previously assistant for logistics to the Army chief of staff in Jakarta. Maj Gen Sugeng Subroto (49 years old) graduated from the National Military Academy in Magelang [Central Java] in 1960 and was a classmate of Maj Gen Syaiful Sulun. The new commander is no stranger to East Java because he has spent a considerable amount of time there. Sugeng Subroto, who began his career as an artillery officer, participated in the development of the KTD-AD [Army Basic Combat Unit] (the embryo of a complete combat unit) in East Java and later was commander of sub-area command Korem 081 in Malang [East Java]. According to information we have obtained, Major General Sulun, the former commander of Military Region V/Brawijaya, who is 50 years old, will receive his next assignment in the non-defense sector. [Excerpts] [42130110c Jakarta SINAR PEMBARUAN in Indonesian 11 Aug 87 p 12] 5170

AIR FIRST MARSHAL SUMAKNO ISWADI--Air Chief Marshal Oetomo, Air Force chief of staff, presided over a change of command ceremony involving the transfer of the position of commander of the Air Force Staff and Command School from Air Vice Marshal M. Diran, the former incumbent, to Air First Marshal Sumakno Iswadi, his replacement. The ceremony was held in Lembang, Bandung Regency, on 14 August. Air First Marshal Sumakno Iswadi, who was born in Pati, Central Java, on 3 January 1935, is a graduate of the 14th class at the National Defense School, his last previous position was that of director of Air Force security, a position which he had held since April 1985. He is also a flight instructor commander of Iswahyudi Air Force Base [in Madiun, East Java] in 1977. In addition to once serving as adjutant to the president, Air First Marshal Sumakno Iswadi also served previously as assistant air attache in the Indonesian Embassy in Washington, D.C. [Excerpts] [42130110c Jakarta ANGKATAN BERSENJATA in Indonesian 15 Aug 87 p 12] 5170

AIR FIRST MARSHAL (RET) TJILIK RIWUT--Air First Marshal (Ret) Tjilik Riwut, one of the early members and active figures in the Central Executive Council of GOLKAR and a former governor of Central Kalimantan, died at Suara Insani Hospital in Banjarmasin early on the morning of 18 August as a result of complications of liver disease, diabetes, and high blood pressure. [Excerpt] [42130110c Jakarta PELITA in Indonesian 18 Aug 87 p 1] 5170

COL MAMAN SUPARMAN--Air Force Col Maman Suparman has been appointed commander of the Air Force Special Forces Center (PUSPASKHASAU), replacing Air First Marshal L. E. Siagian. The transfer of officer was carried out at a military ceremony held at the headquarters of the Air Force Special forces Center at Sulaiman Air Force Base in Bandung on 13 August, with Air Chief Marshal Oetomo, Air Force chief of staff, presiding. Col Maman Suparman was born in Purworejo [Central Java] in 1938. He began his career in the Air Force in 1958 as a student pilot at the Pilot Officer Training School. He was then sent to Czechoslovakia. After graduating in 1962 he was appointed an Air Force second lieutenant and assigned as a pilot officer to Squadron 6 at Husein Sastranegara Air Force Base in Bandung. In 1968 he was appointed commander of the Air Task Force Unit assigned to Operation Saber Kilat in West Kalimantan. In 1981 he became chief of staff of Air Force Region VII in Biak [Irian Jaya]. In 1983 he was appointed a regional inspector for financial affairs under the inspector general of the Defense and Security Command of the Indonesian Armed Forces. In 1984 he was appointed an development project inspector in the Office of the Inspector General of the Department of Defense and Security. Military training courses which he has attended include the Air Force Staff and Command School, from which he graduated in 1974; the Joint Staff and Command School, from which he graduated in 1977; and the National Defense Institute, from which he graduated in 1986. Air Commodore L. E. Siagian has been assigned to new duties as inspector for development in the Office of the Air Force Inspector General. [Excerpt] [42130110c Jakarta ANGKATAN BERSENJATA in Indonesian 18 Aug 87 p 10] 5170

# NU CALLS FOR RECONSIDERATION OF SOCCER LOTTERY

42130109 Jakarta KOMPAS in Indonesian 19 Aug 87 pp 1, 16

[Article: "NU PB Requests Government To Endorse a Review of the PORKAS"]

[Text] Jakarta, KOMPAS--Before more excesses occur, the government should endorse a review of its policy on the soccer and similar game PORKAS's [lotteries] because playing the lottery, which by nature is a means of trying one's luck to gain a fortune, has created negative excesses not only in the moral sphere but has also affected the people's economy.

This request of the Nahdlatul Ulema [Muslim Scholars Organization] Board, which was submitted to the government through the coordinating minister for social welfare recently, was given to the press last week. The letter signed by K H [kiai haji--honorable pilgrim] Achmad Siddiq, its general chairman, K H Abdurrahman Wahid, the NU Board general chairman, and H M Anwar Nuris, the secretary general, among other things, said that the NU PB [board] deeply appreciated the good will of the government that lay behind the PORKAS policy because it has been demonstrated that the PORKAS would garner no small amount of money that could be used to develop sports.

Nevertheless, from another aspect, the NU PB said that the PORKAS is already cause for concern because it is being played now in the villages and outlying areas. Further, the PORKAS has not only become a game for adults but has also become the "hobby" of school-age children.

## The Vulnerable Ones

The NU PB felt the people have become accustomed to using the PORKAS as a means of obtaining easy money. And aside from the fact that many more people have lost, or moreover have been destroyed by this game than those who have benefited from it, it is feared that this game could influence people into thinking it would "solve their problems in an easy way," without considering that it is forbidden by religion. Further, according to the NU PB, it might create an "indolent" culture, one that only "wants the good life." This is not in accord with a society of development that we have coveted and struggled for.

He added that there has been a great negative impact already from the PORKAS, and it could be even greater. Even more regrettable, according to the results

of a survey, is that apparently many more of its victims are those who are vulnerable, namely, those from the low socio-economic class. In the long term, according to the NU PB, this cumulatively could have a broad social impact while from the standpoint of Islamic law, playing the PORKAS clearly is gambling because it is a game of chance which favors only one party and destroys the others.

#### Find a Solution

The NU PB is of the opinion that the solution for obtaining alternate funds to develop sports or any other field could be sought jointly, for instance, through a seminar or something similar involving entrepreneurs and other leading figures from various classes of society.

If necessary, according to the NU PB, we must realize that funds are limited, and we should not be too "ngoyo" [go to a lot of trouble] to use a method that makes a broad negative impact. Instead, we should select something else which is more appropriate for branches of sports that must be developed, using a priority scale. In this connection, more efficient and effective ways for developing sports must be found that require minimal funds, the NU PB said.

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ECONOMIST CALLS 5 PERCENT ECONOMIC GROWTH IMPERATIVE

Jakarta ANTARA NEWS BULLETIN in English 6 Sep 87 p A1

[Text] Indonesia's leading economist Prof. Dr. Mohammad Sadli said here he believed Indonesia had to achieve at least an average annual economic growth of five per cent to guarantee the LONG-RUN stability of the nation's economic, social and political systems.

Prof. Sadli, speaking to ISEI, the association of Indonesian economists, Monday night reminded that if the five per cent annual growth was not achieved there would be big social problems ahead, for example in the areas of employment and income distribution.

ISEI is currently holding its 10th congress at the Nusa Dua resort area 22 kilometers south of here and Prof. Sadli had been invited to be one of the congress main speakers.

In the field of employment, Prof Sadli said, the problem will be how to absorb the workless and job-seekers whose number will accumulate from year to year while in matter of income distribution the goal of a more equitable income distribution will be hard to realize satisfactorily unless the five per cent growth was not achieved.

The professor, now a professional analyst for KADIN, the Indonesian chamber of commerce and industry, stressed that there was no "special strategy" to adopt or "by-pass" to go through for the achievement of a higher rate of economic growth in the long run.

For economics, he said, had always been based on the assumption that funds and resources are always scarce and their allocations therefore had to be managed as efficiently as possible.

For Indonesia, he added, this thesis of the scarcity of funds and resources will remain very real within the next 13 years.

## General Strategy

For now, according to Prof. Sadli, Indonesia should give priority to regaining the economic growth of at least five per cent a year through the general strategy of "deregulation" and a proper "policy package" responsive to the "demands of the times".

In the bid to achieve the five per cent growth, the goal of spreading the fruits of economic development more equitably should not be forgotten. It should also be born in mind that this goal of equitable distribution will be hard to realize unless the five per cent economic growth is achieved.

Also in working to reach the five per cent goal, the government should give considerations to the targets of the "Eighth Channels of Equitable Distribution," especially relating to the expansion of employment opportunities, the spreading of development activities to the regions, and the creation of better opportunities for the private business world.

These three main targets, according to Prof. Sadli, could be approximated through the macro-economic policy of governing the balance between saving and consumption, controlling inflation, maintaining realistic currency rate, and managing the volumes of money in circulation and credits.

Meanwhile the policy of a free market, autonomy for the BUMNs (state-owned enterprises) and the government programs of fighting poverty such as the "INPRES" (presidential instruction) program should be pursued with persistence.

/13104

CSO: 4200/013

# NO NEED FOR ARTIFICIAL RAIN SEEN AT PRESENT

42130109a Jakarta PELITA in Indonesian 12 Aug 87 p 3

[Article: "Dr H Dudung Abdul Adjid, BIMAS BP Secretary, Says Artificial Rain Is Not Needed Now"]

[Text] Jakarta (PELITA)--We do not need to use artificial rain now, but we might need to create such rain in October when the paddy planting begins.

Dr H [haji] Dudung Abdul Adjid, secretary of BIMAS's [mass guidance agricultural program] Managerial Agency (Badan Pengendali--BP), made this statement in his office in Jakarta, adding that regions mainly affected by the drought at this time were East and West Nusa Tenggara. In general, however, according to our calculations, we can say that the present drought is within tolerance limits. Therefore, the established paddy production target is not affected now.

These, among others, were the conclusions reached at the artificial rain review meeting held by Engineer Wardoyo, junior minister for increasing food crop production affairs and the BIMAS secretary in Jakarta on Tuesday [11 August].

## Of Concern

Of concern is what will happen when the paddy planting season comes around again, and the flow of the Citarum River is diverted from the Jatiluhur Dam to the Cirata Reservoir. It takes 3 months to fill the Cirata Reservoir, and it will begin to be filled in September. Meanwhile, water remaining in the Jatiluhur Reservoir will be used until the paddy harvest. In November, the harvest under the program for increasing paddy production of the JALUR PANTURA (North Coast Jatiluhur special operation) will begin, and water will no longer be needed while the Saguling Reservoir is expected to be in operation, he said.

Responding to a question, Dr H Dudung Abdul Adjid said if no rain falls by October, artificial rain will be created to produce rain earlier in the upper reaches of the river.

## 1982 Drought

Touching on the current drought, Dudung added that the present drought is similar to the drought which occurred in 1982. However, its effects are not as serious as those of the earlier drought. "The food crops affected by the drought relatively can withstand it." Meanwhile, areas with reservoirs are safe until the harvest. What is questionable, however, is the coming planting season. If there is no rain by October, areas under rice cultivation using Jatiluhur water will be supplied by water from this reservoir," he said.

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## BRIEFS

EXPORT VALUE DROPS--Indonesia's exports during January-May 1987 recorded a decline of value of 6.75 per cent compared with the corresponding period of 1986, vis from a value of US\$ 6,549.5 million in 1986 to US\$ 6,098.8 million in 1987. The latest concise bulletin (of August 1987) of the Central Bureau of Statistics, received by ANTARA here Tuesday, showed that Indonesia's exports during that period suffered a decline in volume of 2.94 per cent, vis from 58,101,200 tons in 1986 to 56,395,600 tons in 1987. Indonesia's exports during that period were divided into oil/gas and non-oil/gas exports. Despite an increase of 3.0 per cent in the export volume of natural gas, the export value suffered however a decline of 39.43 per cent, vis, from 6,582,200 tons in volume and US\$ 1,428.6 million in value in 1986 to 6,779,800 tons and US\$ 865.2 million in 1987. Indonesia's non-oil/gas exports during the January-May period of 1986 declined by 9.18 per cent in volume compared with the same period in 1986, the export value increased however with 3.51 per cent. During the January-May period of 1986 the export volume of non-oil/gas commodities recorded 32,986,300 tons worth US\$ 2,677.5 million, while the 1987 January-May period a volume of 29,95.,300 tons worth US\$ 2,771.6 million. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 Sep 87 p A9] /13104

DROUGHT HITS EAST JAVA--Hundreds of hectares of paddy fields in the regency of Madiun, East Java, have dried up due to the current drought. However, the situation will not greatly affect rice supplies in the regency, the head of the regional agriculture service said early this week. Roem Waspodo said water supply for paddy fields in the regency was still sixty percent. To overcome the drought farmers have begun drilling wells while authorities kept monitoring the situation in precaution against critical water shortages. The Agency for Technology Assessment and Application (BPPT) has been preparing to make artificial rain in some regencies in the country and is maintaining contacts with the minister for boosting food production for the order to do it. Indonesia made artificial rain in 1977 when the country wanted to prolong the rainy season to prevent deviations in the seasonal changes. Long drought which comes once in every five years has also affected other regencies such as those in West Nusa Tenggara and North Sumatera. [Text] [Jakarta ANTARA NEWS BULLETIN in English 3 Sep 87 p A6] /13104

LARGER ROK LNG IMPORT URGED--President Soeharto has asked for South Korea's assistance to improve Indonesia's economy by means of increasing her import of mineral products, particularly liquefied natural gas (LNG), from Indonesia.

The president conveyed his request to South Korean Minister for Natural Resources and Energy Choi Chang Nak who paid a courtesy call on him together with Mines and Energy Minister Subroto here Friday. According to Subroto, the president's request is based on the fact that South Korea recorded an economic growth of ten per cent last year, against three per cent only achieved by Indonesia. Asked how much increase in South Korea's LNG import expected by Indonesia, Subroto said: "It is up to the Korean need". According to an LNG contract signed by Indonesia and South Korea in August 1983, South Korea is to import 2.1 million tons of LNG per annum for a duration of 20 years. Choi Chang Nak is now heading a Korean delegation to attend the ninth meeting of the Indonesia-Korea Cooperation Committee on the Mineral and Energy Section scheduled to take place here from September 4 through 5. [Text] [Jakarta] [ANTARA NEWS BULLETIN in English 4 Sep 87 p A4] /13104

JAPANESE LOAN FOR FLOOD CONTROL--Japan agreed to give a loan amounting to more than Rp 70 billion (US\$ 1-Rp. 1,644) to Padang, the capital of North Sumatra, for a flood control project in the city, Mayor of Padang Syahrul Udjud said here on Saturday. The project is at present in its initial phase prior to the construction which will begin in 1990. Padang, one of the cleanest cities in the country, is often inundated by water during the rainy season, since most part of its area is located under the sea level. More than 650 families living surrounding or along the Padang canal will have to be moved and receive compensation, because the location will be needed for the canal expansion project. The Japan-assisted flood control project will include the development of drainage in several areas of the city. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 Sep 87 p A1] /13104

TOTAL INVESTMENTS IN INDUSTRIES--Up to August 1987, all investment projects belonging to the groups of base chemical industry, machine and base metal industry, and basic industry under the scope of multifarious manufacturing industries, now in the phase of realisation, have totally reached US\$ 4.19 billion or Rp 6.9 trillion. These projects are implemented in the course of 1987-1991. In the industrial investments, state corporations share 22.81% and private companies including joint ventures with foreign interests 77.19%. Hence, the role of private firms is increasing and foreign exchange worth US\$1.2 billion can thus be saved. [Jakarta BUSINESS NEWS in English 4 Sep 87 p 8] /13104

ENERGY COOPERATION WITH ROK--Minister of Mines and Energy Subroto said here recently that the IXth session of the Joint committee on Energy and Mineral Cooperation between Indonesia and South Korea, discussed additional investments in projects already in progress rather than new investments. The increased investments are e.g. for wage raises, purchases of new equipment for oil and gas production, and also coal mining in East Kalimantan particularly with the discovery of 500 million tons of deposits. In the crude oil trade with South Korea, a proper price level has been achieved despite the unfavourable world oil price situation in 1986. In 1987 this trade is expected to register the same quantities as last year. Export realisation to South Korea in 1986 involved 10 million barrels of oil and 8.5 million barrels of condensate. South Korea has so far only signed a contract on the supply of 2.2 million bbl. of LNG for 20 years. The Korean side has proposed the sale

of part of the LNG to a third party, while Indonesia has suggested that the contract be first carried out. The development of natural gas in Madura is supported by both sides. South Korea plans to realise production at the end of 1989 and the gas will be used for the power generating plant in Gresik at the first stage. The session also discussed the coal reserves in the Pasir area, East Kalimantan, which will possibly be used by the State Electricity Corporation for the Suralaya power generation, and South Korea's Hanil Cement. Ombilin coal exported to that country in the first five months of 1987 totalled 21,095 tons. South Korea is also expected to cooperate in joint ventures for aluminium hydroxide and ferro nickel. The Xth joint committee meeting will be held in September 198 in Seoul. [Text] [Jakarta BUSINESS NEWS in English 9 Sep 87 p 9] /13104

FERTILIZER EXPORTS DROP--Fertilizer exports from January through July 1987 were registered at 416,269 tons worth US\$ 34,642,000 with 11 destination countries. The biggest portion of the exports went to Thailand, totalling 125,000 tons, followed by PRC 112,000 tons. The latter this year needs around 4-5 million tons, which are also imported from other fertilizer producer countries. Compared with fertilizer exports in the same period last year, reaching 989,000 tons, this year's exports dropped by 42%. According to Chairman of APPI (Indonesian Fertilizer Producers Association) Ir. A. Salmon Mustafa, the export volume decline was caused by increased domestic consumption. Fertilizer producers support government efforts to maintain food/rice self sufficiency. With special operation to increase rice-unhusked rice production, fertilizer consumption rises at home. Producers will only export if certain quantities are left after the domestic use. The fertilizer price on the export market has again improved. In January 1987 the export price in bulk was around US\$ 75-76/ton FOB. In February it began to rise to US\$ 81/ton, in July it reached US\$ 105/ton FOB. The fertilizer exported was urea, while TSP and KCI have over the last few years shown bigger demand/consumption than supply. [Text] [Jakarta BUSINESS NEWS in English 11 Sep 87 p 9] /13104

DROUGHT EFFECT ON PLANTATION CROPS--This year's drought will affect the production of estate commodities, but the effect will not be as severe as that caused by the dry season of 1982, Junior Minister for Promotion of Perennial Crop Production Ir. Hasyrul Harahap said here Thursday. The effect of the drought on the southern part of the equator is adverse, while on the northern part it is normal. Coffee plantations are generally located on highlands and they are not much affected by the dry season. Rubber estates are not much harmed either because their humidity is lower. In Java, sugarcane plantations are not so adversely affected by the drought because most of them have been harvested. Therefore, the minister shared the view of the chief of Bulog (Logistics Board) that Indonesia would not import sugar this year. TEA DOWN BY 30%: The commodity considerably affected by the dry season this year is tea, though tea estates will not be completely damaged. Tea production is estimated to reach 70% based on August calculation, which means a 30% decrease. But according to the minister, if tea estate maintenance and care is better carried out to surmount the negative impact of the drought, the set production rate can be achieved. Estate crops bearing fruit may be affected by the dry spell, and so will their production next year. [Text] [Jakarta BUSINESS NEWS in English 11 Sep 87 p 3] /13104

SURPLUS FOOD IN CENTRAL JAVA--Semarang (AB)--Last Friday [14 August], Central Java Governor Ismail handed out banners for successful development to heads of 12 of the 35 Central Java regencies and municipalities classified as second level regions. Although Central Java still has some problems with mice, the wereng disease, and the present drought, Ismail said, nevertheless, food production has increased. The increase, the governor said, means that there is surplus food production of about one million tons this year. The success achieved has helped to realize national food self-sufficiency. Indonesia, which earlier was a food importing nation, has been self-sufficient with respect to food since 1984. Attempts to stimulate such development included organizing development contests. The contests held each year were meant to create equitable social welfare, he added. Meanwhile, Engineer Soekardjo, head of the local Food Crop Agricultural Service, told ANTARA that Central Java now has a paddy crop area of 1.5 million hectares that is estimated to produce about 7.2 million tons of threshed, unhulled paddy. According to Soekardjo, although some 7,500 hectares of paddy crops failed in the Wonogiri, Boyolali, Jepara, Purworejo, and Demak Regencies because of the long dry season, nevertheless, he was optimistic that production would be good. In 1986 Central Java produced 7 million tons of threshed, unhulled paddy. Compared with 1986, production in 1987 has risen by 30 percent. Last year paddy crops failed on 5,000 hectares. Meanwhile, rice consumption in this province averages 3.6 million tons. [Text] [42130109 Jakarta ANGKATAN BERSENJATA in Indonesian 19 Aug 87 p 7] 6804

MITSUBISHI TO BUY CIBINONG CEMENT SHARES--Jakarta, Wednesday [12 August] ANTARA--Engineer Achmad Slamet, director general of Semen Cibinong, confirmed that it was planned to sell 42.48 percent of this company's shares to a foreign company, in this case, Mitsubishi Mining and Cement Company of Japan. However, the director general, who also is the chairman of the Indonesian Cement Association's (Asosiasi Semen Indonesia--ASI) Foreign Relations Section, refused to explain why the company was selling these shares. "The question of selling these shares awaits approval of the government so it is too early to comment on it," he said in Jakarta on Wednesday. Earlier, Drs J.A. Sereh, executive director of P.T. (Persero [state-owned stock corporation]) Danareksa, said that Mitsubishi Mining and Cement Company of Japan would purchase 42.48 percent of P.T. Semen Cibinong's shares valued at about \$26 million. Sereh also explained that the purchase of the shares by this foreign party did not violate the decision which links such purchases with Indonesianization because the decision stipulates that 51 percent of a company's shares must be held by a national company. "If Mitsubishi buys 42.48 percent of P.T. Semen Cibinong's shares, 57.52 percent of its shares will still be held by a national company, and this is not in violation of the decision," he said. Last Monday [10 August] the Mitsubishi group signed a contract with the British firm, Gypsum Carrier Inc, for the purchase of Semen Cibinong shares. Meanwhile, according to data obtained from the ASI, the current annual production capacity of Semen Cibinong is 1.4 million tons. This company exported 5,000 tons of cement to Thailand in 1978. Semen Cibinong, which is a joint venture between Keyser Cement of the United States and P.T. Semen Gresik, has not exported any cement since 1978 because it has focused on meeting domestic requirements. [Text] [42130109 Jakarta MERDEKA in Indonesian 13 Aug 87 p 9] 6804



HIGHEST RICE PRODUCTION RATE--On 12 August Sidenreng-Rappang (Sidrap) Regency of South Sulawesi completed the first major harvest under the expanded special intensification program [Supra-Insus] outside of Java. A total of 6,735.41 hectares were harvested, or 95.39 percent of the target of 7,062.62 hectares. Opu Sidik, the regent of Sidrap Regency, said: "About 325 hectares were not harvested, due to flooding along the shore of a lake, although this area was planted." On an overall basis, the harvest under the expanded special intensification program achieved a yield of 9.4 tons of GKP (harvested, dried, unhusked rice) per hectare planted. Calculated in terms of the area actually harvested, the Supra-Insus harvest achieved a yield of 12.85 tons per hectare, higher than the Supra-Insus harvest in Subang, West Java, which had a yield of 10.6 tons per hectare. Opu Sidik joked: "You can quote me on this. For once the president's office will be surprised." In his report to the governor of South Sulawesi the regent stated that production inputs were financed under a Farmers Business Loan to the five KUD [Village Unit Cooperatives] participating amounting to 551,663,900 rupiahs, or 80.88 percent of the planned loan of 682 million rupiahs. The regent declared that in the Supra-Insus project area of 6,735.41 hectares, the production target to be achieved was 51,525.88 tons of dry, unhusked rice, milled at an average productivity rate of 76.5 quintals per hectare, or nine tons on a GKP basis. Actual production was 9.4 tons per hectare. [Text] [42130110A Jakarta KOMPAS in Indonesian 14 Aug 87 p 9] 5170

TOTAL OF 177 ALIENS DEPORTED--The Office of Immigration of the Department of Justice is undertaking a program of establishing order, preparing for action, and simplifying action to be taken, which involves all aspects of its work. This especially involves the implementation of the three functions of the Office of Immigration in the field of community services, upholding the law, and providing for the security of the state. This was stated by Major General Solarso, the director general of immigration, in a press release issued on 12 August by the Office of Community Relations of the Directorate General of Immigration. Action to establish order, to make the necessary preparations, and to simplify the action to be taken was accomplished in June and July. This involved 48 foreigners of a number of nationalities, who were deported from Indonesia. Of the 48 foreigners, 25 were of Taiwanese nationality. They were arrested by the security services of Tanjung Pinang and Ambon for entering Indonesian territorial waters without a proper permit and for stealing fish. Some 12 of the others were citizens of Singapore, seven were Malaysian citizens, and one each was from Sweden, Saudi Arabia, Pakistan, and Korea. It was also stated that during the first 6 months of the year the total number of foreigners deported from Indonesia was 177. [Text] [42130110A Jakarta SUARA PEMBARUAN in Indonesian 13 Aug 87 p 1] 5170

HUN SEN-SIGNED ORDER ON PRK-SRV TOURISM PUBLISHED

Phnom Penh ROTTHAKECH [OFFICIAL GAZETTE] in Cambodian No 12, Dec 86 pp 617-619

[Order No 23/SNN on procedures to be observed for tourists coming from Ho Chi Minh City to visit Phnom Penh and Siemreap]

[Text] Order No 23/SNN

In observance of the clauses of the Kampuchean-Vietnamese Agreement on Tourism signed in Phnom Penh on 15 May 1986, and in order to create favorable conditions to encourage more foreigners to visit Phnom Penh and Siemreap after a trip to Ho Chi Minh City, the two countries have mutually established a program and working procedures as follows:

I. Entry and Departure

The agency representing Vietnamese tourism, the Ho Chi Minh City Tourism Corporation, has the duty to advise the Tourism Administration of the Capital City of Phnom Penh and the Cambodian Consulate General in Ho Chi Minh City of visitor's list requirements, including documents with the name, initials, place of birth, nationality and profession of each individual, etc.

The Tourism Administration of the Capital City of Phnom Penh and the Cambodian Consulate General have the duty to promptly provide the entry visa application information to the Ho Chi Minh City Tourism Corporation. The time taken to examine the visa application must not exceed 10 days following receipt of the name list.

For a group of more than 20 visitors, the consulate general will issue a collective entry visa for the group list. The border police in Phnom Penh need only stamp the time and date of entry and, in Siemreap, the departure time on the collective group list. There is no need to stamp each individual passport.

In regard to the category of foreign tourists who want to pay a tourist visit or to enter into an official relationship with the Cambodian tourism authorities, their requests will be processed through the proper channels as soon as submitted in the same way as are non-tourist foreign guests who apply to enter the People's Republic of Kampuchea.

## II. Customs

In addition to having been duly inspected in Ho Chi Minh City, all foreign visitors are subjected to an established legal system of inspection by Cambodian customs service at their entry in Phnom Penh and their departure from Siemreap.

The customs service in the Capital City of Phnom Penh has the duty to inform the Ho Chi Minh City Tourism Corporation of all types of commodities that are allowed to be brought in and taken out and those that are prohibited so as to enable the Ho Chi Minh City Tourism Corporation to advise all visitors before their visit to Cambodia.

## III. Taking of Photographs and Movies and Video-Audio Recording

Foreign tourists can bring their still or movie cameras, audio or video tape recorders and are authorized to take pictures and movies while observing the regulations issued in that regard by the Interior Ministry and the Information and Culture Ministry. The guide must perform his duties as defined by the corporation. A tourist who wants to record voices must obtain permission in advance for audio-recording. All types of pictures, movies and cassettes may be taken out without being checked, except in the case of visitors who have failed to observe the above requirements. When a foreign tourist violates the guide's instruction and the above requirements, the photographic or movie film, audio or video tape will be confiscated.

The cabinet of the Council of Ministers, the Ministries of Foreign Affairs, Interior, Internal and External Trade, Information and Culture, the People's Revolutionary Committee for the Capital City of Phnom Penh, the People's Revolutionary Committee for Siemreap-Oudor Meanchey Province and all competent ministries and agencies should ensure implementation of this order, each according to its area of concern.

Phnom Penh, 25 December 1986  
For the president of the  
Council of Ministers,

Signed and Stamped

Hun Sen

9791/12859  
CSO: 42120025

COLLECTION PROCESS FOR 'PATRIOTIC CONTRIBUTION' MANDATED

Phnom Penh ROTTHAKECH [OFFICIAL GAZETTE] in Cambodian No 12, Dec 86 pp 629-631

[Circular No 012 SRN-KHV on authorized expenditures and procedures for collecting and transporting Patriotic Contribution rice to purchase-collection points]

[Text] Circular No 012 SRN-KHV

Scope of Expenditures for Collecting Patriotic Contribution Rice at Solidarity Group Bases and Transporting It To Purchase-Collection Points

To facilitate implementation of the decision on collection at Solidarity Group bases and transportation to purchase-collection points of the Patriotic Contribution rice, the Ministries of Trade, Finance, and Planning and the State Bank issued Circular No 01 PN VT AKS on 1 October 1986, clearly establishing the amount of "additional fund" granted for processing the collection of the Patriotic Contribution rice at Solidarity Group bases and for transporting it to purchase-collection points.

Based on the ministerial circular, the Ministry of Finance specifically instructs all province/town finance offices (Patriotic Contribution section) as follows:

1. This sets the scope of expenditures emanating from the Patriotic Contribution returns that the subdistrict collects. The funds must be paid to each family or to a production solidarity group for collecting the Patriotic Contribution rice and for transporting it to purchase-collection points, including disbursements for necessary handling, labor assistance, and incentives to cadres in charge of control and inspection who endeavor to prevent waste and loss.
2. After weighing the Patriotic Contribution rice and issuing a storage bill to the Patriotic Contribution section, the trade section of the Collection-Purchase Committee must enter on the bill a deduction of the additional fund from the price in order to enable the Patriotic Contribution treasury section to effectively make prompt payment.

If any subdistrict Patriotic Contribution Committee can by itself manage to perform all the tasks--from collection of the Patriotic Contribution rice at the Solidarity Group base to delivery of it to the district Collection-Purchase Committee at the site of the subdistrict warehouse--then the subdistrict committee can immediately withdraw funds equivalent to 7 percent of the purchase price of the Patriotic Contribution rice for itself.

In a subdistrict in which a committee for transporting and purchasing food is created, with an established network for transporting, collecting and directly purchasing the Patriotic Contribution rice from bases or groups, the subdistrict Patriotic Contribution Revenue Committee should collect the rice at the base or from the group using the Purchase and Transport Committee's vehicles and materiel to dispatch goods to the subdistrict Purchase Committee's warehouse. The additional fund will be divided into two parts:

Two percent of the price of Patriotic Contribution rice is to be allocated to the subdistrict Purchase and Transport Committee for the acquisition of necessary materiel and equipment as well as for propaganda, cadre training, meetings, establishment of protection and security systems, handling, portage, weighing and incentives.

Five percent of the price of Patriotic Contribution rice is to be allocated to the subdistrict Patriotic Contribution Revenue Committee.

In the event that the latter can by its own means achieve a speedy collection and transport the Patriotic Contribution rice to the district, province/town purchase-collection point, avoiding waste, loss due to excessive handling and helping to implement Council of Ministers Circular No 97 dated 24 November 1986, the subdistrict Patriotic Contribution Revenue Committee can obtain an additional fund besides the 7 percent already earned from the province/town People's Revolutionary Committee.

3. Expenditures must lead to the objective of assuring the collection of Patriotic Contribution rice as early as possible and of speeding the transport of the Patriotic Contribution rice from bases and groups to purchase-collection points as required. The Patriotic Contribution Revenue Committee must set up a bookkeeping system to record all expenditures and report to the Patriotic Contribution Committee in provinces/towns on the completion of the activities. It is appropriate to increase such activities in order to generate the saving of funds and to transfer the unexpended balance to the budget as Patriotic Contribution revenues for other constructive purposes in the future.

The province/town Patriotic Contribution Committees must largely publicize objectives and goals among cadres as well as the population at large, and in particular, among those in the trade and finance sectors. Implementation of the Patriotic Contribution judiciously leads to the correct objective and to timeliness; keeps the expenditures within the appropriate channels; and promotes careful management to resolve difficult issues, to boost collection of Patriotic Contribution rice and to insure a decisive victory for the plan.

Implementation of this circular is mandatory during the 1986-1987 Patriotic Contribution period. Thus, notice No 021 KHV-SCN dated 31 January 1986 of the Ministry of Finance is null and void.

Phnom Penh, 19 November 1986  
For the minister of finance,  
The deputy minister,

Signed and Stamped

Nguon Pen

9791/12859  
42120025

## PROBLEMS WITH USSR-AIDED TECHNICAL SCHOOL

42060123c Vientiane PASASON in Lao 22 Jul 87 p 2

[Article by Khaitavinyan: "Construction of Technical School Will Be Completed by the End of This Year"]

[Text] Construction on the Sok Pa Luang Technical Middle school in Vientiane Capital is one of the important projects for which the Soviet Union has provided materials, technical equipment, vehicles, and machines. Construction on this project began in 1981. Construction Division No 2, which is subordinate to the State Construction Company, is responsible for the project. Mr Phonsinuvong, the deputy chief and the chief engineer on the project, stated that since construction on the project began, various difficulties have been encountered. For example, there has been a shortage of technicians, expert engineers, and laborers. Initially, there were only about 10 people, and building materials had to be sent from the Soviet Union. Besides this, some of the construction plans were not in accord with the realities in Laos. Thus, it took time to modify the plans, and this delayed construction. However, the Lao laborers and Soviet experts overcame the difficulties and used their creativeness to move forward. As a result, construction is now 81.6 percent complete based on the plans. Construction has been completed on housing for instructors and on a 400-seat club, a student dormitory, a workshop, a dining hall, a clinic, a waste-water drainage pool, a fence around the schoolyard, and walkways. These achievements will be dedicated in honor of the 70th anniversary of the October Revolution. Next year, the laborers will construct another four student dormitories, an indoor sports arena, an administration building, and a soccer field and install lights at the fields. An effort will be made to complete all of the projects now under construction by the end of this year.

I also had a chance to interview Mr Yuri Philapop, the leader of the team of Soviet experts assigned to this project. He said that this project is a Lao-Soviet friendship project. This school will provide instruction for geologists and electricians. In the past period, we have worked diligently in order to help the Lao laborers and complete the work. In particular, we have completed the classrooms, and 200 students are now attending their first year here. On the 70th anniversary of the October Revolution, the Lao laborers and Soviet experts are working hard to fulfill the plans.

After construction has been completed, this school will provide instruction for 200 intermediate-level geologists and electricians per year. There will be facilities to house 600 students.

PRK BORDER DISTRICT SECURITY OPERATIONS

42060123d Vientiane KONGTHAP PASASON LAO in Lao 2 Jul 87 pp 2, 3

[Article by K. Khounbousai: "Khong District Local Forces Are Growing Stronger and Stronger"]

[Excerpts] In order to complete the immediate and long-term tasks given by the party and state, the party and administrative committees and the military command of Khong District, Champassak Province, consider defending the nation, maintaining order, and protecting the people as very important tasks.

Actually, in carrying out their tasks during the past 5 months, the Khong District local forces have promptly suppressed the activities of the reactionaries and controlled the political and ideological situation and the activities of the guerilla forces and mobile and fixed self-defense forces. What is praiseworthy is that the guerrilla and self-defense forces in Khong District succeeded in discovering the tricks of the enemy, who intended to stir up trouble in various ways. For example, they planned to create turmoil on the economic, political, military, and cultural fronts. They succeeded because they have a good understanding of the policies of the party and state. The guerrilla and self-defense forces in Khong District are prepared to defend the rights and interests of the people in this district. The Khong District local forces have succeeded in eliminating those with bad intentions toward the nation and new system. For example, people who like to use luxuries and drink, who have abandoned their families, who like to gamble, who hold superstitious ideas, who engage in smuggling, and who engage in other illegal activities have been completely eliminated. The Khong District guerrilla and self-defense forces support the authority of the administrative officials in the district. They have helped mobilize the people and worked to expand socialist cooperative production. These forces study party political documents once a month and hold short military training exercises once every 2 months. Besides this, the Khong District guerrilla forces have given attention to improving their organization. For example, they have retired the older people and brought in qualified people to serve in this unit.

During the past 4 months, the Khong District guerrilla forces have completed various tasks. For example, they have made more than 900 patrols on land and water, helped maintain independence 35 times, and held seminars for 3,193 guerrillas to study 4 political documents. These documents provided



information on the Lao People's armed forces, on the duties of local forces, on statements made by Secretary General Kaysone Phomvihan, on the daily orders by the commander-in-chief of the Lao People's Army, on psyops warfare, and on the rights and duties of the local armed forces.

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LUANG PRABANG-SRV PROVINCE TIES, AID DESCRIBED

42060123b Vientiane PASASON in Lao 20 Jul 87 p 2

[Article by Khamyon Sutsavat: Eight Years of Cooperation Between Luang Prabang and Ha Son Binh"]

[Excerpt] It has been 2 years since Laos and Vietnam signed a Treaty of Friendship and All-Round Cooperation. Provinces throughout the country have built friendly relations and cooperated with provinces in Vietnam. Luang Prabang is one of the twin provinces of Ha Son Binh Province in Vietnam. This relationship was established 8 years ago. During these past 8 years, the party and administrative committees and the peoples of these twin provinces have constantly worked to improve friendly relations and cooperation between the two provinces. Ha Son Binh has provided Luang Prabang with help on the educational and public health fronts. For example, it has helped build a 30-bed hospital in Nam Bac District costing 12 million dong. It has also helped organize and improve the Otorhinolaryngology Section and installed liquid serum worth 2 million dong and a small x-ray machine.

Ha Son Binh has also provided aid on the economic front. It has built a small sawmill and trained the workers there, enabling them to satisfy the needs of the people. It has built a small dam along the Khan River in Nam Bac District and basically completed construction on kennels and animal clinics. This was done using funds provided by both provinces. As a result, these sections have expanded greatly. The purchase and bartering of fry has been expanded in order to help improve the standard of living in Luang Prabang Province. At the same time, Ha Son Binh has sent economic experts to help improve the Ban Pong Vang Agricultural Cooperative in Sang Khalok Canton, Luang Prabang District, Luang Prabang Province. This is a test site to which more than 100 cadres from throughout the province have been sent to carry on production. They are gaining experience that they can use to improve and build new cooperatives throughout the province based on the economic construction line of the party and state. Besides this, the Luang Prabang Trade Company and the Ha Son Binh Federation of Import-Export Companies have signed trade contracts. Since 1983, the value of trade has reached 30 million kip.

Along with constructing various economic projects and improving public health, our twin province has sent experts in other fields to provide help.

XIENG KHOUANG PARTY MEMBERSHIP

42060123a Vientiane PASASON in Lao 20 Jul 87 p 2

[Party Building column by Suvansai: "Khoun District, Building and Improving the Party Organization"]

[Excerpt] On the occasion of the Second Congress of the Xieng Khouang Party Committee, reporters had a chance to talk with Mr Phimpha Inthavong, a member of the district party committee and the head of the Khoun District Party Organization, a district with a very strong party organization.

Khoun District is an historical district. It was the birthplace of local feudalism. The people here adhered firmly to old beliefs. After the country was liberated, the provincial party committee worked hard to build a foundation. Since the beginning of 1987, emphasis has been placed on building the party and cadre ranks. That is, attention has been given to improving political thinking. These improvements have been manifested in the increased quality and number of party members. Today, Khoun District has a total of more than 300 party members. Of these, 34 are women, 15 are central Lao, and 18 are highlands Lao. These are divided into 26 party units. To date, 11 of the 61 "white" villages have been eliminated. The district has a population of 22,561 people. During the past 3 years, the standards of the cadres, that is, the party members, have continually been raised. Illiteracy has been eliminated. Eighty percent of the members of the district party committee have studied intermediate-level theory; 92 percent have a primary-level education; 50 percent have completed secondary school; and 10 percent have completed college.

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MALAYSIA

SOVIET-MALAYSIAN JOINT COMMUNIQUE ON PEACE, SECURITY

42130111 Kuala Lumpur BERITA HARIAN in Malay 6 Aug 87 p 1

[Article by A. Kadir Jasin: "Soviet-Malaysian Joint Communique: Nuclear-Free Indian Ocean"]

[Text] Moscow, Wednesday [5 August]--World peace and securing mankind from annihilation by nuclear war was the basis of an agreement reached between Malaysia and the Soviet Union during Prime Minister Datuk Seri Dr Mahathir Mohamad's official visit to the Soviet Union which ended today.

The two governments acknowledged that all countries in the world were important, regardless of their size or social or economic systems, and recognized their responsibility toward mankind and the need to participate in efforts to avoid nuclear war, end the weapons race, and promote disarmament.

These views were contained in a joint communique published here in Moscow at the end of the 8-day visit of Datuk Seri Dr Mahathir. The prime minister left for London bound for home this afternoon.

Both nations agreed and stressed that important questions such as Kampuchea, Afghanistan, the Iran-Iraq war, and South Africa's apartheid policy should be settled as quickly as possible through the political process.

Malaysia and Russia also agreed to increase economic and two-way trade relations by encouraging more frequent discussions between the parties concerned in both countries.

The majority of the discussions held between the prime minister and the Soviet leaders concerned international peace and disarmament, as a result of which new efforts are to be made by these nations to change their foreign and domestic policies to reduce nuclear confrontation between the East and the West.

The Soviet leaders, including Mr Mikhail Gorbachev, the secretary general of the Communist Party, stressed that the proposal to eliminate

short- and medium-range missiles from Europe and Asia was in the Soviet Union's interests.

#### In Agreement

Prime Minister Seri Dr Mahathir also stressed the importance of the Soviet-United States arms control negotiations being held in Geneva now and hoped the negotiations would quickly produce decisions that would promote global peace and security.

Among other things, it was also agreed:

- To hold soon an international assembly under the auspices of the United Nations which would be attended by all parties, including the Palestinian Liberation Organization (PLO), to settle the question of Palestine;
- To support countries bordering South Africa in their struggle against the threat of the South African apartheid regime and urge the international community to take relentless steps to obtain the total independence of Namibia as quickly as possible;
- Hailed efforts of the United Nations Security Council to seek a political settlement of the Iran-Iraq war;
- To make the Indian Ocean a secure region, free of nuclear weapons. In this context, to support the resolution of the United Nations General Assembly to hold an international conference on the Indian Ocean in Colombo, Sri Lanka, no later than 1988;
- That the formation of nuclear-free zones in various parts of the world would aid in creating international peace and stability and, at the same time, hailed the proclamation of the South Pacific as a nuclear-free zone. The Soviet Union supported the creation of such a zone in Southeast Asia;
- Both parties were concerned about the abuse of and traffic in illegal drugs and appealed to all nations to heighten international efforts to fight against this very dangerous trend; and,
- To heighten the influence of the United Nations mainly so that it would be capable of insuring international peace and security as well creating a basis for international cooperation on settling global problems.

Although Malaysia and the Soviet Union did not agree on an approach for settling the Kampuchea and Afghanistan questions, both nations said these questions had to be resolved through the political process.

Malaysian sources said that although Russia did not agree wholeheartedly with the ASEAN [Association of Southeast Asian Nations] plan for settling the Kampuchea question, it at least accepted the ASEAN standpoint of supporting the ASEAN's active involvement in this issue.

The same is true for the Afghanistan question in which the Soviet Union is still involved. In these two contexts, the Malaysian prime minister told his Soviet counterpart that it was important to seek complete settlement of these questions with new Soviet policies.

The joint communique expressed the two countries' satisfaction with the results of the visit of Datuk Seri Dr Mahathir and their certainty that it would aid in advancing further Soviet-Malaysian relations for the interests of their respective peoples.

The prime minister said he deeply appreciated the friendly reception given him and his delegation. He also invited Mr N. Y. Ryzhkov, the Soviet prime minister, and V. S. Murakhovsky, the first deputy prime minister, to visit Malaysia. The invitations were accepted by both of these Russian leaders.

06804/09599

## NEW TRADE STRATEGY TO BOOST U.S.-MALAYSIA TRADE

42000010c Kuala Lumpur BUSINESS TIMES in English 28 Aug 87 p 1

[Article by Ahirudin Attan]

[Text]

MALAYSIA and the US have been asked to consider a new trade strategy, which includes the lifting of all tariffs on imported goods from either country, to boost bilateral trade.

The 10-point strategy, which was unveiled yesterday by the Department of Business Administration, Pittsburgh University, focused on commodities, farm machinery, technological equipment, investments, pharmaceuticals, aircrafts and military supplies, electronic components, and petroleum exploration related products.

Toby J. Kash and Siva K. Muthaly from the university in their working paper presented at a conference on international business in Kuala Lumpur yesterday proposed that:

- Malaysia and the US lift all tariffs on imported goods from either country.

- The US exports highly technological equipment to Malaysia while Malaysia makes use of the resources from the Agency for International Development to finance the purchases;

- A US consortium buys farm machinery from the debt stricken bank auctions in the various states, recondition them to suit the Malaysian

agricultural sector and export them in the form of CKD.

- The US exports pharmaceuticals to Malaysia and steps up investments by setting up plants in Malaysia to market their products.

- US engineering and construction companies explore turnkey projects in Malaysia at a more realistic cost.

- US companies in the manufacture of aircraft and military supplies improve their marketing strategy in Malaysia to secure government contracts.

- Malaysia continues to be a broad base for the supply of electronic components for the US.

- Malaysia continues supplying the US markets with agricultural based commodities, including palm oil, rubber, cocoa and pepper.

- The US makes arrangements to market the excess wheat to Malaysia. (Currently all wheat imports are from Canada); and

- The US to market petroleum exploration related products to Malaysia in view of Malaysia's active involvement in exploration works.

Mr Kash and Mr Muthaly said the strategy would have to be drawn along the lines of a "Generalised System of Preferences" between the two nations. But first Malaysia must imple-

ment a number of recommendations to "place itself on an elevation to take on this new strategy for bilateral trade with the US."

They said Malaysia must increase production of rubber, cocoa and palm oil and seriously look into the ailments of the industries. Malaysia should also import rice from Thailand (as it is more economical) and use the resources ploughed for rice growing in the country for the cultivation of oil palm, cocoa and rubber instead.

They also recommended that Malaysia make use of the Industrial Master Plan to establish support services for the local car industry to alleviate the dependency on the volatility of the yen for Japanese spares.

The Federal Government was also urged to channel more financial assistance to Sabah to help the state develop cocoa and timber as well as revitalise the methanol and iron reduction facility and the pulp and paper mill projects.

In another paper, Tan Chwee Huat and Kau Ah Keng from the National University of Singapore proposed that the Asean countries adopt a common management education system by establishing a centre in an Asean city to enhance regional cooperation and economic development.

## MALAYSIA WOOING UK INVESTORS

Kuala Lumpur BUSINESS TIMES in English 15 Aug 87 p 16

[Article by Hamidah Hamid]

[Text] MALAYSIA has lined up various promotional programmes in the effort to woo foreign investors. The programmes, started last year, are especially targeted towards countries which it feels can contribute to its economic development.

With the positive response from foreign investors, Malaysian Industrial Development Authority (Mida) is organising a programme targeted this time towards British investors.

The programme, "UK — Invest Malaysia Invest '87", will be held from October 30 to November 7, this year and is expected to attract about 30-35 participants. It is also a follow-up of the seminar recently held in UK during Prime Minister Datuk Seri Dr Mahathir Mohamad's official visit last month.

The programme is designed to assist and encourage British companies to evaluate the abundant investment opportunities offered by Malaysia.

Malaysia did not really have any serious problems with British investors even when the "Buy British Last" call was made by the Prime Minister, said a Mida source.

Instead British investors have enjoyed and will continue to enjoy investment opportunities offered them by the Malaysian Government.

As at December 1986, UK represented 15 per cent of the total foreign investment in Malaysia, third after Singapore and Japan. Japan overtook UK for the last 10 years as Malaysia's largest foreign investor, according to the source.

In fact, British fixed assets in Malaysia have shown a consistently increasing trend in the last seven years. In 1980, British investment in

Malaysia registered \$500.7 million and in 1986 it reached \$916.9 million.

Through the seven years there was an average increase of investment of between \$150 million-\$180 million a year.

Most of the increased investment was obtained from the expansion of existing British investment in Malaysia rather than new investments. Though pleased with the situation, the source feels that investments from "new" investors would be a welcome move.

As the "old guard" British investors are already familiar with investment opportunities, one of the main aims of such programmes would be to recruit new investors.

Malaysia can draw upon UK's experience in the higher technology and capital intensive sectors of manufacturing such as the production of heavy equipment, machinery, machine tools, automotive equipment, computers and electrical equipment.

As UK is considered to be one of the leading countries in the manufacture of rubber-based products, Malaysia should attract a greater number of rubber manufacturing companies from UK to use Malaysia as a base for production to serve export markets as it has the comparative advantage.

The main area of investment by British investors is petroleum and coal (\$277.7 million) followed by food manufacturing (\$155.5 million), beverage and tobacco (\$150.8 million) and non-metallic products (\$145.9 million).

As at the end of 1986, there were 142 companies with UK interests in production involving a total paid-up capital of \$726.2 million. The companies employed an estimated 32,893 workers.



According to Mida's latest figures, the total paid-up capital of foreign investors between January to June this year is \$246.8 million.

In the first five months of this year British foreign equity stood at \$3.4 million, coming in seventh after Japan (\$79.1 million), Singapore (\$70 million), Taiwan (\$5.9 million), US (\$12.6 million), West Germany (\$6.9 million) and Belgium (\$3.6 million).

Although the "UK — Invest" is the first for British investors, Mida has organised similar programmes for Scandinavian countries, Japan and West Germany last year.

A similar programme is expected to be organised for Japan towards the end of 1987 and one for the US early next year.

These programmes are expected to be organised on a regular basis to constantly keep foreign investors especially from the targeted countries such as European nations, West Germany, UK, Japan, the US

and Taiwan, in touch with investment opportunities in Malaysia.

Taiwan topped the list of foreign investments in Malaysian rubber product manufacturing industries accounting for \$3.6 million of the total \$74.4 million approved by Mida during the 1985/1986 period.

Various activities have been lined up for the scheme's participants which include the opportunity to obtain first-hand information on investment policies, facilities, incentives and opportunities in specific industrial sectors.

They will also be given the opportunity to meet with potential joint-venture partners, visit factories, including those of British companies already established in Malaysia.

Also on the itinerary is a tour of industrial parks and infrastructure facilities and briefings by federal and state government agencies. They will share experiences with British and other investors and bankers established in Malaysia.

/13104

CSO: 4200/006

## INCREASE IN CHRISTIAN CONVERTS CAUSES ALARM

Kuala Lumpur NEW STRAITS TIMES in English 11 Aug 87 p 2

[Text]

KUALA LUMPUR, Mon. — The number of Muslims being converted to Christianity in the country is large enough to cause alarm, Umno Youth leader Datuk Seri Najib Tun Razak said today.

"Although we cannot furnish details and figures now, we are convinced that the activities are well-organised... the situation is being monitored," he said without naming the missionary organisation or the monitoring body.

He said the organisation was using Indonesian illegal immigrants to convert Muslims.

Datuk Najib was elaborating on a statement he made on Friday, when he called on the Government to deport the immigrants.

He said Umno Youth knew that a secret movement was making use of the immigrants to erode the political power held by Malays.

Muslims in States where Malays no longer held political power "are suffering", he added.

He said: "The interest of the Muslims in these States is not being looked after. Their welfare is being neglected.

"It is, therefore, crucial that the Government act quickly. Otherwise, Malay political power will collapse."

## Supportive

On curbing the flow of illegal immigrants into the country, Datuk Najib said the authorities concerned — the Immigration Department and police — had to do something.

Responding to a comment by Gerakan secretary-general Kerk Choo Ting on Umno Youth's proposed National Economic Recovery Plan, he said he disagreed that it was too broad and vague and was only concerned with the interests of certain ethnic groups.

"We had a meeting this morning with representatives of all Barisan component parties, including Mr Kerk," he said.

"Basically they welcomed the plan and were supportive of it.

"A committee comprising all representatives will be formed soon. They will put forward their ideas which will be discussed at Barisan's Supreme Council meeting in Kuching on Sept 16."

In IPOH, DAP Socialist Youth expressed support for the call to deport all illegals.

Chairman Mohamed Fadzlan Yahaya said his movement predicted the problems posed by the immigrants some years ago but, the Gov-

ernment did not seem to pay much attention.

However, said Encik Mohamed Fadzlan, the youths were not supporting the call to deport the illegal immigrants for the reasons given by Datuk Seri Najib which he described as "narrow minded".

"Datuk Seri Najib appeared to have failed to realise the seriousness of the social and security problems posed by the illegal immigrants," he said.

"He could only see the threat to Muslims and Malay politicians."

Encik Mohamed Fadzlan said the illegal immigrants were depriving Malaysians of employment opportunities.

Plantation owners were taking advantage of the cheap labour offered by them. As a result, thousands of local workers who were retrenched by mines and factories were not able to get jobs in estates.

The illegal immigrants, he said, were even taking control of certain areas such as Chow Kit Road in Kuala Lumpur and chasing the Malay petty traders out.

He feared that among the thousands of immigrants there could be many cadres of the Communist Party of Indonesia.

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CSO: 4200/006

## ISLAM TO PLAY MORE POLITICAL AND ACTIVE ROLE

Kuala Lumpur NEW STRAITS TIMES in English 17 Aug 87 p 7

[Text] KUALA LUMPUR, Mon. — A Royal Commission should be set up to review the Constitution so that the teachings of the Quran could be made the thrust of the national ideology, said former Parti Sosialis Rakyat Malaysia (PSRM) chairman Kassim Ahmad.

He said the Islamic and secular laws as currently practised in the country had failed to overcome numerous basic problems faced by both the Muslim and non-Muslim communities.

He said Islam could no longer be regarded as a ceremonial religion as the Muslims now wanted it to play an active, dynamic and progressive political role.

It is no longer appropriate to maintain a secular State, even if it takes into account the Muslims' needs by adopting what is called the "assimilation of Islamic value policy," he said in his working paper, *Islam in the Constitution*, at the Aliran conference here yesterday.

### Western philosophies

He noted the existence of three major ideological groups with conflicting ideas of the direction Malaysia should take:

- The modernist secular group, which wants to continue with the present system, in which society is oriented towards Western philosophies and in which changes made to religious and national traditions would be minimal;

- The traditional conservatives, who advocate the socio-political system practised during the mid-Islamic era; and

- The moderates, who want Islamic teachings to be the guide in their lives.

Encik Kassim said the secular, modernist group were now being challenged by the other two groups.

He said the conflict would influence the political atmosphere in years to come.

"If the conflict could be overcome in the next five to 10 years, we would be successful," he said.

"If not, the fundamentalists would rule and create a religious, dictatorial system in the country, as evident now in Iran."

To safeguard the people, the Islamic and secular laws must be merged and the teachings of the Quran made the guide or ideology of the nation, he added.

In this context, he called on intellectuals to study the proposal and make concrete and practical suggestions.

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CSO: 4200/008

## CONSTITUTION REVIEW DRAWS MIXED RESPONSES

Kuala Lumpur NEW STRAITS TIMES in English 18 Aug 87 p 7

[Article by Nor Hawa Yunus]

[Text] KUALA LUMPUR, Mon. — The proposal for a Royal Commission to review the Constitution drew a mixed response from academicians, lawyers and intellectuals.

While some of those interviewed agreed that a review would be timely, others felt that the present Constitution was flexible enough to meet the changes in the country.

The resolution calling on the Government to set up a Royal Commission to reflect the "new social realities and aspirations of Malaysians of all communities for a truly just and democratic Malaysian nation" was passed at an Aliran conference on the Malaysian Constitution yesterday.

University Malaya law lecturer Associate Professor Datuk Nik Abdul Rashid Nik Abdul Majid said a review now could lead to disaster because the various communities were not on equal footing economically or socially.

"If everybody is at par economically, socially and politically, then we can have a review."

Datuk Nik Abdul Rashid said he foresees the group (that had called for the proposal) wanting a review of Article 152 (pertaining to the National Language) and Article 153 (on Bumiputera privileges, sovereignty of the Rulers and the position of Islam).

He said he would agree if the Constitution as a whole, with the exception of Articles 152 and 153, were to be reviewed.

"If these articles were to be reviewed, then there will be no end to it."

Lawyer Encik R.B. Hashim also opposed the proposal stressing that there should first be an in-depth study.

"Moreover, the proposal came from a small group of people who are articulating middle class attitudes."

### Many flaws

He added that the participants in the

conference were mostly pensioners.

"I feel that when a person is out of office, he can contribute to society but he should not meddle."

Encik Hashim said there were many flaws in the argument presented by Aliran president Dr Chandra Muzaffar.

He said, for example, Dr Chandra had said there was a new generation of non-Malays born after Merdeka who would settle for nothing less than a Constitution that spells out complete equality among the communities.

"If this was the case, later generations of Americans would also oppose their nation's Constitution. This is a terrible argument."

Haji Kamaruddin Mat Noor, the secretary-general of the World Association of Muslim Youth (WAMY) felt that the present Constitution was flexible enough "to do all the positive things we want to do for the country."

He also said there was no necessity to look into ways of giving Islam a more dynamic role in the Constitution as the position of Islam as the official religion plus all its implications had already been enshrined in the Constitution.

In this context, what was needed, was an executive decision.

Haji Kamaruddin, a former Abim vice-president, agreed with the proposal made by former Prime Minister Tunku Abdul Rahman that the Constitution be reviewed to provide that any Ruler who had committed an offence be tried by a tribunal comprising his brother Rulers.

Prof Syed Hussein Ali, of the Faculty of Arts and Social Sciences, Universiti Malaya, said it would be worthwhile to set up a Royal Commission to review certain clauses in the Constitution.

These include the relationship between the Federal and State Governments, land matters and the powers of the Monarchy and Executive.

## PM WARNING TO PRESSURE GROUPS: DEFEND CONSTITUTION

42000010a Kuala Lumpur NEW STRAITS TIMES in English 28 Aug 87 p 1

[Text]

**JOHORE BARU, Thurs.**

— The Prime Minister today called on the *ra-kyat* to defend the existing Constitution and the democratic process for the sake of their own well-being and to avoid tension and upheaval.

Datuk Seri Dr Mahathir Mohamad said they should not allow certain groups to drown "the voice of the majority".

"The Barisan Nasional is ruling the country by a vote of the majority," he said in reference to attempts by a small group to press for a review of the Constitution.

He questioned the right of the minority group of "only 200 to 300 people" to continue to pressure the Government on the matter even though most of them might have had legal training.

"If they have the right (to propose revising the Constitution), others too have the right to express different views. Perhaps Pas will say: 'There should not be a Constitution, use the Quran as a guide'.

"Another group may propose that the *Hukum Syarak* (Islamic laws) be imposed on other communities as well, while others may claim the division of electoral seats is unfair because of the priority given to the rural areas."

Dr Mahathir warned of the dangers of bowing to pressure from a small group which want-

ed a review of the Constitution to suit its wishes.

**Policies**

He said that if the Government did so there would be tension and chaos as it would mean disregarding the decision of the majority which wanted the Constitution to remain as it was.

The Prime Minister was speaking at the opening of a community hall at Kampung Pok in Gelang Patah, 60km from here, after touring various areas in the West Johore agricultural area.

"By a majority decision of the vote, the Barisan Nasional is in charge, but there are some groups which are not satisfied with this and the majority support for the party.

"Our democracy allows the *ra-kyat* to have their voices heard. The party which is voted in by the majority forms the Government, draws up the policies and looks after finance."

The Prime Minister said there were many countries that had not revised their constitutions for hundreds of years but there were groups in this country who wanted the Malaysian Constitution amended after only 30 years.

Dr Mahathir said these groups even had suggestions as to who should sit on a commission to review the Constitution and they wanted only like-minded people.

There were also proposals that the commission should be made up of jurists and judges from other countries.

"These people will not be able to understand our traditions and

background and other issues affecting the people.

"For this pressure group, justice is the type of justice they want. We cannot bow to their pressure without considering the majority. The *rakyat* must beware of their tactics."

The Prime Minister acknowledged that the existing Constitution had some "defects".

He said that while there was a provision for checks and balances in the make-up of Governments — Executive, Legislature and the Judiciary — it was not so in reality because one branch of Government considered itself to be exempted from criticism.

Such a situation would require a detailed study.

However, "the Government has no intention of doing so, our voice is the voice of the people, only the people have the right (to propose the revision)," he said.

To suggestions that a commission appoint leaders, he said this would not work as such a person would not be able to play his role effectively if he was not answerable to the *rakyat*.

He said the democratic system currently adopted was the best because it ensured that elected representatives honour their pledges to the people (or risk not being re-elected), whereas a Government formed by a commission (which assumed itself clever) would not care for the problems of the people.

He urged the people to keep the Constitution as it was and said that the Government would not bow to the views of lawyers but would have to consider the wishes of the villagers.

He said the Government was determined to speed up development in the rural areas and villages.

"This must be done if we want peace in the country. If there is great imbalance between towns and villages there will be trouble."

"We must defend democracy as it is and beware of the campaign that has begun to destroy it."

"The democratic system is the best for us. Let us defend it and the Constitution."

## GHAFAR BABA: NATION FACING DISLOYALTY

Kuala Lumpur NEW STRAITS TIMES in English 29 Aug 87 p 3

[Text] MALACCA, Fri. — The nation is facing a crisis of loyalty which would become dangerous if not checked immediately, Deputy Prime Minister Encik Ghafar Baba said today.

Speaking to reporters after opening the Farmers Development Centre in Merlimau near here today, Encik Ghafar said there were loyal people in this country and there were disloyal ones.

### Political stability

Encik Ghafar did not elaborate on the "disloyal citizens" or how many he thought there were but said that if the situation was not checked immediately, it would become big.

"The only way to combat this trend is to instil love and loyalty for the country and unity among the people, especially the younger generation," he said, when commenting on the theme of this year's Merdeka Day celebrations, *Loyal, United and Striving for Progress*.

The chairman of the Merdeka Day celebrations central committee, Agriculture Minister Datuk Seri Sanusi Junid, while launching the logo of this year's celebrations said the theme was selected because of what the country was now going through.

He said no quarter should feel it was superior to others in the country.

"We could be united if such an attitude is erased from the minds of the people."

Earlier, Encik Ghafar said the people were fortunate because the existing Constitution had helped maintain political stability.

"Political stability is vital. It could expedite the development of a nation in all sectors. At the same time, the growth of a nation could be retarded without such stability."

He also urged the people, especially those in the rural areas, to work hard and not to waste Government funds.

"The Government is prepared to spend any amount of money to help the people but this assistance would only go to waste if the people did not change their attitude."

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CSO: 4200/011

## MAHATHIR WARNS AGAINST THREAT OF NEW FORM OF COLONIALISM

Kuala Lumpur NEW STRAITS TIMES in English 31 Aug 87 p 1

[Text] **KUALA LUMPUR, Sun.**  
**— Prime Minister Datuk Seri Dr Mahathir Mohamad tonight warned Malaysians against the rise of a new form of colonialism — one that threatens the national ideology, culture and economy.**

He said independence was not natural to a country and colonialism had not totally ended.

"The fact is a new kind of colonialism has been created and it has regained control of independent nations," he said in his National Day message over RTM tonight.

Dr Mahathir said if the people did not value the struggle for independence, they would probably not defend it or even work towards its fulfilment.

"We will then regard independence as a normal state and something that we can have forever," he added.

Dr Mahathir said in order to defend the country's freedom and integrity, it was important that there was loyalty not only to the country, but also to oneself, the family, the home and society.

He said the world's economic powers could easily colonise the country's economy through manipulation.

These powers could cause commodity prices to fall so low that "we won't profit from our labours".

At the same time, these powers would work to ensure that the country's production cost could not be lowered, so that it would be impossible for the nation to increase its productivity, Dr Mahathir added.

"They carry out their instigations so subtly that there are those among us who want these powers to prevent the economy from recovering," he said.

Dr Mahathir said that when outsiders are able to determine our economy's progress or decline, then the country had been colonised and had lost its independence.

He said that while no one culture could escape outside influences, there were those who would submit too easily and accept elements of a foreign culture.

"In our country, there are those who choose to neglect our own values and instead imitate the behaviour of other people."

He said there was a danger of the Malaysian identity being tainted and eventually replaced by that of the colonialists.

"When our culture is tainted with the negative elements of a foreign culture and when we reject the positive values of that culture, then we are not only being colonised but we have become a race that is weak and cannot possibly defend itself from colonial influences in other areas," he said.

"One of the qualities that could help us defend our freedom and dignity is loyalty."



Dr Mahathir said if one was loyal to oneself, one's family and one's nation, one would be able to achieve a happy life protected from crime and vice.

"This is perhaps idealistic," he said.

"Perhaps this cannot be achieved. But a civilised and thinking human race will strive for perfection although we may not achieve it because only God Almighty is perfect.

Dr Mahathir also spoke on the Government's emphasis on unity in view of the country's multi-racial society.

He said although unity was difficult to attain, racial misunderstanding could, nevertheless, be eased if Malaysians had a "focal point" — unbiased and impartial — to which they were loyal.

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CSO: 4200/004

RESOLUTION ADOPTED AT MIC GENERAL ASSEMBLY

Kuala Lumpur NEW STRAITS TIMES in English 31 Aug 87 p 3

[Text]

PETALING JAYA, Sun. — The 35th MIC general assembly today adopted a resolution calling on the Government to take prompt action against leaders of social and political groups who threatened national unity through their actions, statements and tendencies.

The resolution called for prompt action against publications and school books which malign, ridicule and arouse the sensitivities of communities and religious groups.

Parents and teachers were urged to advise their children and students to respect all communities and to avoid using words which would hurt the feelings and sensitivities of other races.

### NEP review

Another resolution called on the Government to provide employment opportunities for Malaysians of all levels of education, including school dropouts and secondary school leavers.

It also adopted a resolution calling on the Government to review the objectives and content of the National Economic Policy (NEP) beyond 1990.

The call was made to ensure continued progress in the eradication of poverty and achievement of equality for all communities.

The Government was urged to take into account views of political and socio-economic organisations in drawing up the NEP beyond 1990 and the manner of its implementation.

Other resolutions passed called for:

- The Universiti Malaya electives issue to be resolved by the Prime Minister, as chairman of the Barisan Nasional, in the Barisan spirit;

- The intake of Malaysian Indian students into universities to be increased to 10 per cent;

- Adequate allocations by the Education Ministry to build new school buildings to replace unsuitable ones;

- The integration of POL (Pupils Own Language) teaching into the regular time-table of schools and the training of a sufficient number of teachers for this;

- Thai Pusam to be declared a public holiday for the Federal Territory of Kuala Lumpur, Kedah, Johore, Malacca and Pahang; and,

- Support from all political parties, social and community groups for the Government's effort to eradicate the dadah menace.

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CSO: 4200/004

## MALAYSIA FACING THREATS FROM THREE GROUPS

Kuala Lumpur NEW STRAITS TIMES in English 1 Sep 87 p 2

[Text]

UMNO Secretary-General Datuk Seri Sanusi Junid said yesterday the country is facing threats from a "republican-oriented" group bent on creating a republic in Malaysia.

He said this was one of the three groups supporting moves to have a complete review of the country's constitution.

The other two groups were the racial extremists and the opportunists.

Speaking to reporters after the National Day parade at the Selangor Club padang in Kuala Lumpur, he said Umno headquarters had detected the existence of these three groups since the issue of a constitution review was raised.

Datuk Seri Sanusi, who is Agriculture Minister, said the racial extremists comprised those who wanted to do away with the rights of the other races while the opportunists were those who cared only for their own interests.

He said he had received several letters from these groups with proposals on how amendments could be made to the constitution.

He urged the people not to allow these three groups to continue carrying out their plan as "the country will be thrown into chaos if they succeed".

Umno, he said, had a strong foundation to defend the existing constitution.

Datuk Seri Sanusi said this year's National Day celebrations should serve to make the public realise it was not easy to fulfil the objectives of independence.

"Thirty years of independence is too short a time in the history of a nation said to have gained independence and as such, the spirit of unity still needs to be strengthened," he said.

He also reminded the people not to make the wrong decision in facing challenges like the three groups mentioned, especially during the current economic recession. — Bernama

GHAFAR DIRECTS MARA TO REVIEW UNPROFITABLE PROJECTS, TRAINING

42130113 Kuala Lumpur BERITA HARIAN in Malay 8 Aug 87 p 3

[Article: "Ghafar Does Not Want MARA Projects To Become 'White Elephants'"]

[Text] Kuala Lumpur, Friday [7 August]--Mr Ghafar Baba, deputy prime minister, advised the MARA [Council of Trust for the Indigenous People] to take more care in planning its future projects so that they will really be profitable and not become "white elephants."

"I do not want MARA projects to become unprofitable 'white elephants.'"

"I found that many MARA projects such as commercial buildings and small shops empty. This is wasteful of the government's money," he said.

Mr Ghafar directed the MARA to take another look at those of its projects that could be privatized, could be turned over to others, or could be operated co-operatively with other organizations to make them succeed.

Mr Ghafar Baba said some MARA projects have failed, and properly they should be turned over to other parties for operation because the government does not want to see more MARA projects fail.

He also requested the MARA to hold discussions with the Malay trade councils to determine how they could cooperate.

Mr Ghafar, who also is the minister of national and rural development, gave this information to newsmen after hearing commendations of MARA development at its home office here today.

The meeting honoring the MARA, held for some 2 and 1/2 hours, was also attended by Datuk Mohamed Tajol Rosli Mohd. Ghazali, his deputy minister, and Datuk Haji Khalid Yunus, the MARA chairman.

Mr Ghafar explained that the MARA must cooperate closely with the trade councils so that they know what the MARA is doing.

"With such cooperation, any suitable MARA project could be transferred to the council involved or could be operated cooperatively," he said.

Mr Ghafar also found that a number of transportation companies owned by MARA branches were losing money.

He said the MARA perhaps could transfer the control of such companies to entrepreneurs in the locality involved.

Mr Ghafar also directed the MARA to conduct much more training and strengthen training in marketing to make bumiputera entrepreneurs more competent.

#### Training

"A number of entrepreneurs are able to produce commodities but are unable to market them. This causes many of their efforts to fail and they lose money," he said.

He also requested the MARA to make certain that the commodities produced would have a market before the loans were granted.

Concerning the number of graduates of such training who were unemployed, the deputy prime minister said the MARA should also offer them training in operating a business.

Many graduates have participated in such training, and some of them already operate their own businesses, he said.

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## ECONOMIC RECOVERY IS GOVERNMENT'S PRIORITY SAYS GHAFAR

Kuala Lumpur NEW STRAITS TIMES in English 30 Aug 87 p 4

[Text] KUALA LUMPUR, Sun. — Boosting economic recovery is the Government's priority, said Deputy Prime Minister Encik Abdul Ghafar Baba.

He called on all Malaysians to work towards this objective, not only for their own betterment, but also for their children and grand-children.

"The Government cannot afford to pay attention to less important issues like the call to review the Federal Constitution as the priority now is promoting economic recovery," he said when opening the 11th annual general meeting of the Federal Territory Ex-Servicemen's Association at Dewan Sultan Ahmad Shah here.

Encik Ghafar said the recent public debate on racial issues by certain quarters was also, another issue which the Government felt should not be played up.

He said that all quarters must be reminded that continuing with these racial-oriented issues would not benefit the country.

He felt that every Malaysian would agree with him if he said that a repeat of the May 13, 1969 racial riots would not benefit the Malays, Chinese, Indians or anyone else in the country.

He suggested that Malaysians ignore the recent verbal battle between certain quarters on racial issues and consider it "mild bickering".

"Instead, your minds should be on working to improve yourselves which in turn will benefit your families. The Government will then be able to earn taxes from your incomes to support the nation's development programmes."

Encik Ghafar also said the Government would consider a proposal by the Malaysian Ex-Servicemen's Association (MEA) that members of the security forces who had been awarded for gallantry be given extra benefits.

He said he would discuss this with the Prime Minister as soon as possible.

Encik Ghafar said the Government could not entertain the demands and needs of every

sector of society as it did not have the funds to do so.

However, he gave an assurance that this proposal would be given due consideration.

MEA president Jen (Rtd) Tan Sri Abdul Hamid Bidin in his speech at the meeting, had complained of the poor treatment given to the country's security personnel who had been decorated.

He said they were not asking the Government "for the moon" but merely the due recognition and respect that went along with a gallantry medal.

He said that in other countries, a soldier or other members of the security forces who had been decorated would be respected like other distinguished members of society.

"For example, when they are invited to an event, they will be given a seat of prominence.

"In addition, countries like England provide a token allowance for these gallant men.

"However, in Malaysia, all they get are medals to be kept as a remembrance of their years of sacrifice for the King and country."

Earlier, Federal Territory MEA president Encik Zainal Abidin Adnan in his opening speech also echoed similar views.

He added that in most cases, they faced difficulty getting land to begin their new civilian lives as was the case of Warrant Officer 1, Kanang anak Langkau, the sole survivor of the nation's highest award, the *Seri Paduka Gagah Perkasa*.

He regretted that soldiers who did not know the true situation put the blame entirely on the MEA for not getting the Government and the nation to help them.

GHAFAR: NO ADVERSE EFFECT FROM TRADE TIES WITH REDS

Kuala Lumpur BUSINESS TIMES in English 5 Sep 87 p 1

[Article by Ahmad A. Talib]

[Text]

TRADE relations between Malaysia and eastern bloc countries will not affect its relations with developed countries, including Japan, according to the Deputy Prime Minister Ghafar Baba.

As a small nation, Malaysia must maintain good relations with all countries that it has relations with, he said in an interview with the NHK radio's Bahasa Malaysia service last night.

"Trade relations with countries in the communist bloc are not that sensitive. If these trade relations improve, they will not adversely affect the bilateral trade relations that Malaysia has with other developed countries, including Japan.

"Relations with Japan are important to Malaysia as it is the single largest trading partner. The Look East policy will continue with Malaysia sending trainees and students to gain knowledge, training and work ethics that can contribute to national development," he added.

At the same time Malaysia and Asean hope Japan will play an important role and assist Asean in technological, finance and labour fields.

In another interview with NHK television this morning the Deputy Prime Minister expressed disappointment with the trade imbalance between Malaysia and Japan. About 90 per cent of Japan's imports from Malaysia consist of raw commodities while its imports of manufactured

goods is very small.

Malaysian manufactured goods find it difficult to penetrate the Japanese market due to the high duty and the number of strict regulations imposed.

In his meetings with Japanese ministers and senior officials Encik Ghafar requested that efforts be made to change the composition of bilateral trade.

"If Japan sincerely wants to help Malaysia and Asean, it must show its willingness to open its market to manufactured goods from South-East Asia," he said.

Meanwhile, Transport Minister Datuk Dr Ling Liong Sik said Malaysia is considering the possibility of using the Japanese automatic machines for inspecting commercial vehicles.

Datuk Dr Ling added Malaysia was also looking for suitable speed detection devices for commercial vehicles. The minister, who arrived yesterday, visited a number of factories producing these two devices.

The RTD inspects commercial vehicles once every six months to ensure their roadworthiness. The automatic devices for this could speed up the inspection process.

Earlier, Datuk Dr Ling had called on the Japanese Transport Minister R. Hashimoto. The two ministers exchanged views on the development of the transport industry, especially the efforts to privatize part of the railway services.

/13104

CSO: 4200/005

## MIC GENERAL ASSEMBLY CALLS FOR NEP REVIEW

Kuala Lumpur BUSINESS TIMES in English 31 Aug 87 p 2

[Article by Fauziah Haji Ismail]

[Text]

THE MIC 35th annual general assembly yesterday called upon the Government to review the objectives and contents of the New Economic Policy (NEP) beyond 1990.

The call was contained in a resolution adopted at the assembly held in Subang Jaya near Kuala Lumpur. The resolution, tabled by party deputy president Datuk S. Subramaniam, was one of the 10 adopted. The other resolutions adopted are on capital restructuring, national unity, the unemployment problem, elective subjects at Universiti Malaya, admission to universities, Tamil school buildings, pupils' own language in schools, Thai Pusam holiday and dadah.

The assembly, recognising the progress in implementation of the NEP despite the difficult economic conditions during the past few years, viewed with concern the lack of significant benefits for Malaysian Indians in the fields of education, employment, housing, business opportunities, land settlement and capital ownership.

The MIC urged the Government to review the NEP objectives and content beyond 1990 to ensure lasting progress in eradicating poverty and achieving equity for all communities in Malaysia.

The review should take par-

ticular account of the NEP's weakness and shortcomings in its implementation. It should also incorporate a sharper focus on strengthening national unity.

The MIC also called upon the Government to consult with and take into account the views of political and socio-economic organisations in drawing up the NEP beyond 1990 and the manner of its implementation.

On capital restructuring, the MIC viewed with disappointment the very slow growth of the share of Malaysian Indians in the corporate sector.

However, it noted the strong support given by the community to efforts to mobilise capital for such participation.

The Congress urged the Government to issue clear and specific directives to the various government agencies concerned to ensure appropriate reservation of shares in new ventures and in the enlargement of the share capital of existing ventures and in the privatization of Government projects, made for Malaysian Indian participation, through Maika Holdings and other community organisations.

The MIC urged the Government to take prompt and effective steps against actions and statements made by some political and social leaders who undermine efforts towards the strengthening of national unity.

Publications and school books which malign, ridicule and arouse the sensitivities of communities and religious groups should be acted upon promptly.

New programmes, the MIC said, should be initiated to inculcate and develop national unity while existing programmes are intensified. Parents and teachers should inculcate among children respect for all communities and avoid using words which hurt feelings and sensitivities of other communities.

The Congress, viewing with grave concern the rising unemployment problem among young Malaysians, called upon the Government to mount an extensive effort to draw up a comprehensive short and medium-term programme to generate substantial employment and training opportunities including opportunities for self-employment.

The Government, the party added, should enlist the collaboration and assistance of the private sector and ensure that opportunities for employment and training generated are opened for youths of all communities, particularly from the poorer socio-economic groups.

Employment opportunities should be enlarged for Malaysians from all levels of education, including school dropouts and secondary school leavers.

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CSO: 4200/012



ADB OFFERS FUNDS FOR NATIONWIDE AGRICULTURAL DEVELOPMENT

42130113 Kuala Lumpur BERITA HARIAN in Malay 8 Aug 87 p 3

[Article: "ADB To Invest \$100 Million"]

[Text] Kuala Lumpur, Thursday [6 August]--With aid from the Asian Development Bank (ADB), the Ministry of Agriculture will invest \$100 million [Malaysian dollars] nationwide in the operation of industries based on agriculture.

Mr Hamdan Sulaiman, an official of the Public Relations Office of the Department of Agriculture, said investment in the form of loans offered to the private sector was part of the government's strategy for promoting large-scale development in the agricultural sector.

An ADB delegation, he said, will arrive here next month to hold discussions with the Treasury, State Bank, Malaysian Agriculture Bank, Malaysian Development Bank, Department of Agriculture, and various other government agencies.

"The questions of interest rate, repayment period, and the agency that will issue the loans will be discussed at that meeting," he told BERITA HARIAN today.

However, Mr Hamdan said, the investment program depends on how many private companies will be willing to operate commercially in the agricultural field.

"Support from the private sector is really encouraging at this time, for 180 private companies have shown an interest in participating in the program," he said.

Mr Hamdan said the ADB delegation will also visit several states to increase private company participation in agricultural projects.

Private companies interested in participating in an agricultural project may contact the Investment and Privatization Unit of the Ministry of Agriculture to obtain further information.

In the initial discussions with the ADB, Mr Hamdan said, the government explained it would have no problem in finding sources of funds to pay for development in the agriculture sector.

According to him, it may be difficult to obtain loans from local banks mainly for projects in the food processing field.

Mr Hamdan said the ADB should offer an interest rate that is competitive with the rate offered by other commercial banks. Further, the loan terms should not be too strict or no one will want to borrow money.

Concerning the question of obtaining land often raised by private companies, he said the government was always responsive to this problem.

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## EMPHASIS ON AGRICULTURE ANNOUNCED

42000009a Kuala Lumpur NEW STRAITS TIMES in English 21 Aug 87 p 3

[Text]

KUCHING, Thurs. — The Government has again laid emphasis on agricultural development to reduce food imports and to control the effects of the economic slowdown.

Agriculture Minister Datuk Seri Sanusi Junid said the economic slowdown and frequent fluctuation in prices of major commodities such as petroleum, tin and rubber had caused the Government to look for other viable areas, mainly the agriculture sector.

"We may not be able to export

food products in large quantities in a short period, but at least we may be able to reduce our imports and our foreign exchange.

"Besides, it is good enough if, for a start, we can produce enough food for local consumption," Datuk Seri Sanusi said at the opening of the National Farmers' and Fishermen's Day in Petra Jaya near here today.

He said his Ministry had launched various campaigns such as with coconut water and *ulam* to make people more aware "that we have a lot of nutritious food that can be consumed at a cheaper

price compared with imports."

So far the campaigns had been successful, he said.

Datuk Seri Sanusi also advised farmers not to be too dependent on Government aid as its financial position had weakened following the economic downturn.

Meanwhile, Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud said in his speech that there was an urgent need to diversify economic activities to avoid over-dependence on commodities which were subject to frequent price fluctuations.

/9274

## PRIVATE SECTOR PLEDGED TO ABSORB UNEMPLOYED GRADS

Kuala Lumpur NEW STRAITS TIMES in English 11 Aug 87 p 1

[Article by Sabry Sharif]

[Text]

**KUALA LUMPUR, Mon. — The Cabinet committee on unemployed graduates has received pledges from several major corporations to train the first batch of 500 for six months.**

Committee chairman Encik Anwar Ibrahim said today that this was the most positive move so far by the private sector to help the Government overcome the problem of unemployed graduates.

He said the graduates would be paid an allowance of \$500 during their initial training with these companies. On completion, they will receive \$600 a month.

The companies also pledged to absorb these graduates if they performed well during their six-month attachment.

"This undertaking was given during a meeting the committee had with representatives of several Government agencies and private sector corporations two weeks ago," Encik Anwar told newsmen after meeting a delegation from the National Movement of Artistes-Unemployed Graduates of Malaysia committee at the Education Ministry.

## Temporary schemes

Among the companies involved are Petronas, Bank Bumiputra, Malayan Banking, Pernas and Sime Darby.

Encik Anwar said he would be meeting other Government agencies and financial institutions soon to discuss a similar arrangement.

He said he had also briefed the delegation on the Temporary Service and Special Training Schemes for unemployed graduates run by the Public Services Department.

About 4,000 graduates are now being temporarily employed by the Government under its Temporary Service Scheme. Those with degrees are paid \$500 while diploma holders get \$400.

The first batch of 300 unemployed graduates are undergoing training in Genting Highlands under the Special Training Scheme. The cost is being borne by the Government.

It is hoped that with the extra training given to these graduates, they would be able to secure jobs or have the basic knowledge and skills to be self-employed.

Encik Anwar said he had been given a memorandum by the delegation containing several proposals to overcome the problem.

He will present it to the committee at its next meeting.

Certain Government agencies will also be urged to speed up the processing of loans and other facilities for unemployed graduates so that they can have an early start on their proposed small businesses.

Meanwhile, the chairman of the committee, Encik Zulkifli Ahmad, and his secretary, Encik Zainor Al'Rashid Abdullah, both expressed satisfaction with the meeting.

Encik Zulkifli said the committee now had a clearer picture of the problems faced by the Government in trying to solve the unemployment problem.

The committee will call on Menteri Besar during their annual conference in Alor Star soon.

He said the committee hoped to bring to the attention of the Menteri Besar the problems faced by its members in the various States.

He added that the various State heads of PAKAR/Unemployed Graduates of Malaysia committee would meet here on Aug. 15 to evaluate the progress made the Government on resolving the problem.

Encik Zainor advised graduates interested in working temporarily with the several corporations named by Encik Anwar to get in touch with the committee.

They can telephone 03-7563324 or write to 3B1, Bangunan UDA, Jalan Pantai Baru, Kuala Lumpur.

/13104

CSO: 4200/003

## 41 FIRMS PLEDGED \$400M INVESTMENT

42000009b Kuala Lumpur NEW STRAITS TIMES in English 28 Aug 87 p 1

[Text]

**KUALA LUMPUR, Thurs. —** Forty-one companies — 39 from Taiwan and two from Hong Kong — have confirmed that they will be investing about \$400 million in Malaysia soon, Trade and Industry Minister Datin Paduka Rafidah Azli said today.

The investors would be visiting the country in October or November to seek suitable locations for their factories, she told reporters after opening an investment seminar on "Opportunities in the resource-based industries" at the Putra World Trade Centre here.

The investors confirmed their decision when she spoke to them at the Malaysian investment seminar in Hong Kong and Taipei recently.

Datin Paduka Rafidah said a Taiwan-based firm would be setting up two petrochemicals factories in Malaysia, one of which will be in Johore.

The investments in the petrochemicals factories will come to about US\$50 million (\$125 million) each.

### Potential

Another Taiwanese electronics firm will also be setting up a factory in the country. The firm, which has factories in the United States, has a yearly turnover of US\$700 million.

In addition, several ceramics and metal manufacturing firms in Taiwan have also indicated their intention of relocating their industries in Malaysia. Their products will be exported.

A Hong Kong garment manufacturer at present operating in Penang will pump in a further \$56 million as part of its expansion plans. The investment in the factory, which is export-oriented, will come to about US\$50 million.

Datin Paduka Rafidah said that a Hong Kong-based specialised book printing firm is also keen to set up shop here. She was given the assurance by the firm's representative for the South-East Asian region while in Hong Kong.

However, the firm will not be competing with local book publishers as they will only be

printing books for their Hong Kong office.

In her speech at the seminar, Datin Paduka Rafidah said there was a need to ensure that the resource-based industry was up to international standards.

At present, the potential of the country's resources was being exploited mainly by foreigners who carry out research into the country's resources.

She said in view of the vast potential offered by resource-based industries an integrated approach must be taken to increase the number of industries in this sector.

The efforts must be directed at three main areas:

- local research must be stepped up to determine which are the viable industries;
- research activities should also be increased to identify suitable technology and those which would yield greater efficiency; and

- measures must be taken to determine the long-term direction of resource-based industries so that the products can remain competitive in international markets.

## PM REBUTTED CRITICISMS OF NORTH-SOUTH HIGHWAY

Kuala Lumpur NEW STRAITS TIMES in English 14 Aug 87 p 1

[Article by Sabry Sharif]

[Text]

**MALACCA, Thurs. — Prime Minister Datuk Seri Dr Mahathir Mohamad today challenged the DAP to prove that there were irregularities in the Works Ministry's decision to award the \$3.4 billion North-South Highway (NSH) contract to United Engineers Malaysia (UEM).**

He criticised the DAP for politicising the NSH project, adding that he believed the real reason behind the party's involvement in the issue was not a desire to uphold public interest but that it stemmed from "the politics of frustration".

"The Opposition party is frustrated that after 30 years of independence, it still cannot form a Government and that there is actually no hard issue for them to champion," he said.

"So it has to survive on unfounded allegations," said Dr Mahathir when opening the 62.6km Senawang-Ayer Keroh highway, 25km from here.

## Demonstrators

Also present were Chief Minister Datuk Seri Rahim Thamby Chik, Works Minister Datuk S. Samy Vellu, and Science, Environment and Technology Minister Datuk Amar Stephen Yong.

Top officials of the Malacca and Negeri Sembilan State Governments, Malaysian Highway Authority and the contractor, Kumagai Gumi Co. Ltd of Japan and its local partner, Pembinaan Hashbuddin Sdn Bhd, were also present.

The Prime Minister arrived by helicopter at 8.50am and was not only welcomed by the local dignitaries but also

a small group of DAP demonstrators. He waved to the demonstrators led by DAP secretary-general Mr Lim Kit Siang as he left the highway to launch Pusat Expo Melaka, about 10km away.

This is the first time that the Prime Minister has rebutted criticisms made by opponents of the NSH project, especially those from the DAP.

Dr Mahathir said that there had been many allegations concerning the NSH project.

He said that there were some critics, who without wanting to be known publicly, had alleged that he stood to gain from allowing UEM to get the contract to build and manage the 640km North-South Highway.

The DAP had claimed that there was a conflict of interest in awarding the

contract to UEM as it is controlled by Hatibudi Sdn Bhd, the investment arm of Umno, of whom the four trustees are Dr Mahathir, Deputy Prime Minister Encik Abdul Ghafar Baba, Finance Minister Encik Daim Zainuddin and Agriculture Minister Datuk Seri Sanusi Junid.

Dr Mahathir said he had no "bad intentions" as far as the NSH project was concerned.

"In reality, neither I nor the Government have ulterior motives in privatising the NSH; in fact, it is done in the interest of the people," said Dr Mahathir.

He also disagreed that the NSH project would turn out to be a "white elephant".

"We are not a Government obsessed with the building of monuments of little value to the people.

"In fact, the Government is not out to make white elephants of mammoth projects.

"We have been elected by the people and whatever we do will be in the people's interests."

## TRADE UNION PROTEST AGAINST LABOR LAW AMENDMENTS

Kuala Lumpur BUSINESS TIMES in English 15 Aug 87 p 16

[Article by Ahirudin Attan]

[Text] TRADE unions in the private sector yesterday warned of a one-day general strike if the Government pushes through proposals to amend labour laws.

Mr V. David, secretary-general of the Malaysian Trades Union Congress, the umbrella body for most trade unions in the private sector, told reporters in Petaling Jaya the labour front would seriously consider the move if all other avenues to have the proposals nullified fail.

The proposed general strike, however, will not be planned for immediately. The MTUC special congress council, which met yesterday to discuss the idea, had put it on hold.

Mr David said: "The best weapon to deploy in this situation would be a one-day token general strike but stern officialdom may obstruct this. Under the circumstances, the MTUC and its affiliates have no choice but to strike back through measures readily within its means."

For openers, the MTUC will stage rallies in Selangor, Perak and Penang beginning next Friday, Mr David said.

It has also planned a protest march to the Prime Minister's Department in Kuala Lumpur on September 4.

The trade unions are protesting against proposals by the Labour Ministry to have a new definition for wages and to allow in-house unions to co-exist with national unions. (The former is being worked out by a Cabinet committee while the latter has been approved by the Cabinet and may be tabled at the next parliamentary session.)

They claimed that the Government and the employers are trying to scale down wages by giving it a new definition. The amendments to the formation of in-house unions is seen as an

attempt to throw the in-house unions and national unions into open conflict and rivalry.

If the rallies prove ineffective, Mr David said the MTUC is also expected to call for nationwide pickets at worksites.

There are some 136 trade unions, including several from the public and quasi-government sectors, that come under the MTUC's banner. They account for over a million workers nationwide.

Meanwhile, the National Union of Bank Employees (NUBE) has sent to chief executives in 43 banks and finance companies a note of caution to impress upon them the union's views about the consequences that the amendment on in-house unions would bring.

General secretary of the 20,000-strong union, Mr K. Sanmugam, said yesterday, Nube told the employers that it may have to abandon its consultative policies if it has to compete with in-house unions in future.

It warned of widespread unrest and turmoil in the banking sector caused by two or more rival trade unions existing as champions of the workers. "Productivity and discipline will suffer. Ultimately, the employers will be the losers," according to the note read out to Business Times.

Copies of the note had been sent to the Governor of Bank Negara Tan Sri Jaffar Hussein and Industrial Relations Department Director-General Ahmad Idrus.

Mr Sanmugam added that union leaders will brief Nube's industrial relations committee officials nationwide from September 8-15 on its planned course of action. Extraordinary general meetings of members will be held simultaneously nationwide on September 16.



## DECENTRALIZED RURAL DEVELOPMENT PLANNED

Kuala Lumpur BUSINESS TIMES in English 21 Aug 87 p 16

[Article by Khalid Jaafar]

[Text] IMPLEMENTATION of Buku Merah Dua (Red Book II), launched by Deputy Prime Minister Abdul Ghafar Baba last week, will see some decentralisation in the planning of rural development.

This will help provide better coordination of existing rural development plans initiated at the federal level, director general of the Implementation and Coordination Unit (ICU) Datuk Zainol bin Mahmood said.

In an interview with Business Times in Kuala Lumpur yesterday he said although the Red Book I initially envisaged planning for development originating at the district and regional levels, this function had been gradually assumed by central agencies.

This was because the Government machinery was not able to cope with the various demands from the rural areas for implementation of rural development, he said.

Under Buku Merah Dua development planning at district level will be carried out by the district offices which will coordinate the activities of various government agencies and departments. However, the planning will take into account relevant state and federal policies and plans, he said.

Buku Merah Dua, which replaces Buku Merah Satu launched by the late Tun Abdul Razak in 1960, will become the guidebook for rural development in years to come.

According to Datuk Zainol, one of the most important components of Buku Merah Dua is the comprehensive gathering of economic and social data at district level.

This is the first time such comprehensive data gathering efforts will be undertaken to provide an economic and social profile of every district in the country.

Previously important data such as incidence of poverty, household income and employment and other economic activities are only based on sample studies. Moreover, a comprehensive collection of such information is only possible at district level.

The availability of comprehensive information is crucial in development planning to enable the Government to ascertain the needs of the various districts in the country and to monitor and compare the progress achieved.

Datuk Zainol said all the data will be stored at district level, with copies available at the federal level. He hoped that the first batch of information will be collected by the end of the year.

Under Buku Merah Dua, the role of the district office will be upgraded because it will not only have to administer the district but also carry out surveys and plan development.

There are basic differences in the concept of Buku Merah Dua and Buku Merah Satu.

Buku Merah Satu accorded priority to the provision of infrastructure and basic amenities to the rural areas. As such it cost the Government large sums to finance their implementation.

Buku Merah Dua is being implemented when the Government's financial situation is constrained. To ensure that rural development will go on unhampered, the rakyat, and especially the private sector, will have to play an important role.

## RAPID INCREASE IN OIL EXPLORATION EXPECTED

42000010b Kuala Lumpur BUSINESS TIMES in English 27 Aug 87 p 1

[Article by Azam Aris]

[Text]

OIL exploration activities in Malaysia are expected to increase during the 1988-1990 period due to better contract terms, lower cost and high potential exploration environments.

The Petroleum Economist, a monthly international energy journal, said stabilised world oil prices and higher incentives could lead to more rapid increase of oil exploration in Malaysia than in most petroleum provinces.

In its 1986 survey on petroleum activity, the journal said the best prospects for exploration activities are in countries with proven explorations potential and low-cost environments such as Malaysia, Angola, Gabon, Egypt, Pakistan, Ecuador and Columbia.

Although Malaysia did not award any contract in the 1984-1986 period, its relaxed contract terms introduced at the end of 1985 can lead to higher exploration activity, Petroleum Economist said.

The oil price collapse in the first half of 1986 has led to a 15 per cent decline in international exploration drilling activity. This has affected world reserve replacement where as much as 2.5 billion to 3 billion barrels may have been lost.

The Far East region, excluding China, saw a downturn in exploration drilling in 1986. Of the three main producing countries in the region — India, Indonesia and Malaysia — the last two saw a major decline in activity, with exploratory drilling down by 40 per cent.

However, the decline in Malaysia and Indonesia has been attributed to both countries halting exploration licences.

In Malaysia no licences were awarded between 1984 and 1986, while only four contracts were awarded by Indonesia in 1985 and 1986. In Malaysia, an additional factor "was the hesitation in expanding the number of companies operating in the country", the publication said.

During 1986, overall exploratory drilling activity in Latin America declined by over 20 per cent with Brazil and Argentina experiencing sharp falls.

Drilling activity in Western Europe remained virtually unchanged during the 1985-1986 period. Higher interest in onshore exploration was recorded in France, Italy and the UK.

Onshore exploratory drilling in France increased to 78 wells in 1986 from 58 in the previous year while Italy recorded a higher increase from 46 to 92 wells during the same period.

Offshore, drilling activities in northwest Europe registered a decline of 9 per cent from 269 in 1985 to 231 wells in 1986.

## FUTURE OF TEXTILE INDUSTRY GOOD

Kuala Lumpur BUSINESS TIMES in English 10 Aug 87 p 7

[Article by Rosli Zakaria]

[Text] THE textile manufacturing industry has made a dramatic comeback with over 70 of the 121 companies registered with the Malaysian Textile Manufacturers Association (MTMA) showing profits last year after dismal performances in 1985.

The prospect for this year looks even brighter with all 121 members forecasting some profits.

The outlook for the industry certainly is much more cheerful now than it was in 1985 — when the industry was at its lowest ebb.

The textile industry is one of the largest employers in the country with an estimated 60,000 people on its payroll.

The industry picked up after June last year when demand for materials in the international market surged, pushing Malaysia's export value of textiles and clothings to \$1.7 billion, a 25 per cent increase over 1985.

MTMA president Allan Tan said companies which were forced to shut down in 1985 are expected to be back in business later this year.

During the bleak year, 14 companies had to cease operations. They included four major companies — India-Malaysia Textiles Bhd, Emtex Corporation Bhd, Mount Pleasure Holdings Bhd and Midford (M) Sdn Bhd.

Mr Tan said manufacturers who are going to make higher profits this year are those who export their materials.

"Textile manufacturers traditionally involved in the domestic market should now consider upgrading their equipment to produce finer and high quality materials to take advantage of the increasing demand overseas.

"Expanding their business by producing more cloth and blended materials for the local market is not the answer to remaining competitive, as the market for such products in Malaysia is too small for any significant impact on their profitability.

"This is the right time for the local textile manufacturers to venture into the international market," he said.

The association is working closely with the Government to speed up the process and

seek their help in terms of providing soft loans for companies.

"Banks should be more willing to help the industry now that it has proven itself to be a viable and profitable venture," he added.

Mr Tan said manufacturers needed funds to buy new equipment such as the air-jet loom or shutless loom to produce high quality and fashionable materials.

The new equipment costs between three to five times more than the conventional weaving machine. Manufacturers who have installed them enjoy considerable advantage over their competitors.

"Some of the major manufacturers who have upgraded their equipment are producing finer and better quality materials. They are making good business selling these materials in the United States and European markets."

The traditional market for Malaysian textiles has been the US and West Europe but some of the major exporters are beginning to look for new markets in the Middle East and East Europe.

"Those who have been exporting to the Scandinavian countries and Canada over the last two years have been doing good business and they are expected to increase their exports to these countries.

Last year exports of textile to the United States reached \$709 million, up from \$565 million in 1985. Exports to the European Economic Community also increased to about \$345.2 million from \$225.4 million previously.

Commenting on the high tariff structure taken by the Government to protect the local textile industry, Mr Tan said: "The tariff structure is not the primary factor in boosting the profitability of the manufacturers."

The association feels that the tariff structure should be removed gradually as more companies enter the export market.

The tendency to rely on tariff protection will be less when they export their materials.

"In the long run tariff protection should be removed to encourage foreign textile companies to set up operations here," he added.

RESEARCH FOR NEW USES OF CEMENT URGED

Kuala Lumpur BUSINESS TIMES in English 11 Aug 87 p 16

[Article by Joe Chan]

[Text]

THE cement industry should study new uses for cement and concrete, said Trade and Industry Minister Datin Paduka Rafidah Aziz.

However, these studies must not only concentrate on the physical aspects of the versatile building material but also its commercial potential to widen its market as well as its scope of applications.

These steps are necessary because the use of cement has not reached an optimal level due to its imperfect application techniques and uncompetitive costs.

Datin Paduka Rafidah, who was opening a seminar on the production and handling of concrete in Kuala Lumpur yesterday, said these efforts should be followed up with aggressive marketing to ensure that its new applications are widely accepted.

"It is one thing to research on the technological aspects of the commodity, and another to market the product," said Datin Paduka Rafidah, adding that the cement industry is dominated by just a handful of producers.

In view of this, those involved should pool their resources on research and development (R & D) for the future

well-being and growth of the industry.

Furthermore, the competition among cement manufacturers should not hinder the establishment of a special fund designated to help the industry find new markets for its products.

"It is more beneficial for the industry to pool together its resources than to be individualistic and selfish for one's personal gains in the short term," said Datin Paduka Rafidah.

The Minister said R & D in the cement industry is still restricted to the factories on an individual basis, and is concentrated only on product quality control.

"Those in the industry have yet to effectively establish local R & D capabilities and are still dependent on foreign consultants in many aspects, such as plant operations and the setting up of new production units.

"Cement is the most important product in the non-metallic manufacturing industry, and accounts for 30 per cent of the gross revenue for this industry.

"And similarly for the cement and concrete products industry. It covers processing and downstream production

activities, and it is the second most important sector in the non-metallic mineral industry," she added.

It is estimated that such downstream products will become increasingly important in the future, especially through the use of technology and new approaches in the construction industry, she said.

"What is important is that these products must be cost-competitive and continuously upgraded and modified to meet current market demands," said Datin Paduka Rafidah.

The Minister also urged the industry to continue upgrading its expertise and to arm itself with the capability to overcome the present problems facing the industry.

"The Government has taken several steps which, directly or indirectly, can help the industry. But the industry must have the initiative and commitment to steer itself towards growth on its own," she said.

The seminar was jointly organised by the Cement and Concrete Association of Malaysia (C&CA) and the National Ready Mixed Concrete Association of Malaysia.

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CSO: 4200/003

## NEW CORPORATE TAX STRUCTURE STUDIED

Kuala Lumpur NEW STRAITS TIMES in English 14 Aug 87 p 15

[Text]

THE Finance Ministry is studying seriously the implications of a revision of the country's corporate tax structure, its Deputy Minister Senator Mohamad Farid Ariffin said yesterday.

"We are now in the process of conducting a comprehensive study on the impact it will have on the country's revenue and other aspects before revising the corporate tax," he told newsmen in Kuala Lumpur after opening a banking seminar.

He was commenting on Prime Minister Datuk Seri Dr Mahathir Mohamad's recent statement that Malaysia is considering the possibility of revising the corporate tax rate as part of its efforts to attract more investment.

"We will come out with our report in the not so distant future," Senator Mohamed Farid said.

However, he declined to comment on whether the revision will be proposed in the coming Budget.

### Open economy

Malaysia's corporate tax is 48 per cent; 40 per cent income tax, five per cent deve-

lopment tax and three per cent excess profit tax.

When asked whether the revision will be anywhere comparable to Singapore's corporate structure of about 33 per cent, he said, "We will not be very far compared with our neighbours' and we need not be line with them either."

"We should look at our tax structure together with the other forms of incentives offered to investors," he explained.

On whether the Ministry will come out with a regulation to control the margin of spread of commercial banks so that the benefits of any reduction in the base lending rates (BLRs) will be passed on to consumers, the Deputy Minister said the Government has no intention of "over-regulating" the banking industry.

"We have an open economy and we feel that over-regulation is not healthy."

"Anyway the banks are now responding more positively to our call to reduce the lending rates to their customers," he added. — Bernama

/13104

CSO: 4200/007

## BRIEFS

MALAYSIA'S DEFICIT NARROWS--Malaysia's current account deficit narrowed to \$770 million last year from a deficit of \$1,722 million in 1985, the Statistics Department said in its 1984-86 Balance of Payments Report. The report issued in Kuala Lumpur yesterday said the improved current account was a reflection of the favourable "out-turn" in merchandise account and a reduction of the services account deficit. Last year's merchandise trade account surplus of \$8,748 million was only 2 per cent less than that of 1985 despite depressed commodity prices for the major part of the last year, the report added. Though the value of exports fell by 6 per cent, a larger fall in imports by 8 per cent sustained the merchandise surplus, it said. It was, however, more than offset by the deficit incurred in the services items, hence the overall current account deficit of \$770 million, the report added. The report said that the overall services account deficit last year of \$9,457 million was \$1,082 million less than that incurred in the previous year. [Text] [Kuala Lumpur BUSINESS TIMES in English 4 Sep 87 p 16] /13104

CSO: 4200/005

COMMUNIST PROTESTERS HIT FOL'S DOUGLAS OVER ACT

Auckland THE NEW ZEALAND HERALD in English 15 Sep 87 p 2

[Text]

The secretary of the Federation of Labour, Mr Ken Douglas, joined Communist Party protesters outside a business conference on the new Labour Relations Act yesterday, but his reception was far from cordial.

He was called a phony unionist, phony Socialist Unity Party representative and a collaborator with big business by the protesters, angry at his participation in the conference.

Mr Douglas had addressed an afternoon session of the \$874-a-head two-day conference at the Hyatt Kingsgate Hotel in Auckland on new directions in the trade union movement.

He left the calm interior of the hotel for the noisy protest outside, armed with a copy of the paper he presented to the conference.

The 20 or so protesters accused Mr Douglas of selling the working class down the drain and working with the Government to change the trade union movement.

When Mr Douglas asked what their specific complaint was one man, who refused to give his name, said: "You are a traitor to

the working class."

A spokesman for the Communist Party, Mr Len Parker, said the party-organised protest of workers wanted Mr Douglas outside organising working people against the new act.

Inside the hotel again, Mr Douglas looked hurt by the attacks but dismissed them, saying that he was usually on the side of pickets.

"I think it underlines a number of things our people are frustrated about," he said.

"They see the economic problems facing workers not being redressed, and reflect frustration that the union movement is not addressing those issues.

"I think the trade union movement is expressing those issues but their expectations of what they think can be done is unrealistic."

During his address to the conference, Mr Douglas said he felt the Labour Relations Act would fail in terms of providing stable industrial relations and because it did not meet the needs of the people.

The system was based on conflict and supported by legal impositions.

/13104

CSO: 4200/002

CAMPAIGN INCREASES SCoured WOOL SALES TO PRC

Auckland THE NEW ZEALAND HERALD in English 9 Sep 87 Sec 4 p 1

[Text] In 1980-81, only 2 per cent of wool exported to China was scoured.

But in the 1986-87 year, as a result of changing China's traditional purchasing pattern, 72 per cent of the 48,000 tonnes of New Zealand wool sold to China was in a scoured state.

The added value this earned for the industry last year was \$15 million.

The Woolsourers' Association, in co-operation with the Wool Board, embarked on a campaign to sell the benefits of scoured over greasy wool to the Chinese.

A series of meetings and presentations with visiting textile trade missions from China were held in each of

the three years from 1982-84.

"We outlined to the Chinese delegations that their skilled textile workforce was better suited to the more labour-intensive secondary stage of textile manufacture," said Mr Dick Ashworth, an association committee member of the Woolsourers' Association.

The advantages to both China and New Zealand were also pointed out by emphasising New Zealand's expertise and international competitiveness in primary processing.

Scoured wool now represents 66 per cent of all New Zealand wool exports, with an added value content of about \$100 million.

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CSO: 4200/002



CHURCH LEADERS FAULT GOVERNMENT IN COUP ORIGIN

Quezon City MALAYA in English 2 Sep 87 pp 1, 2

[Text]

Manila Archbishop Jaime Cardinal Sin yesterday said the defeat of the rebel soldiers in Friday's bloody mutiny was a "miracle" and that "God has given Filipinos another chance to prove that we deserve freedom."

In his homily during the 30th anniversary celebration of the Social Security System in which President Aquino was guest speaker, Sin also declared that the country's "reversion to the old ways" of corruption has partly contributed to the coup attempt.

Meanwhile, the official Philippine News Agency reported from Cebu City that Cebu Archbishop Ricardo J. Cardinal Vidal, president of the Catholic Bishops' Conference of the Philippines, led 16 bishops in asking the Aquino government to "sharpen its perceptions of the real needs and situation of our people, including the military."

In a formal statement drawn up by the 16 bishops in a conference held in Manila as the short-lived mutiny of military renegades was raging, the bishops announced their full support to the Aquino government and strongly rebuked the mutinous soldiers, saying "the military is to serve the

people, never to lord over them."

The conference was expected to be attended by more than 100 bishops but many failed to show up on account of the crises, the Cebu Archdiocesan media office that released the statement, said yesterday.

"To support this government does not mean to agree with its every decision and action. The people make sure the government works for their interest," the statement said.

"Watchfulness and criticism on the part of the people always remain necessary, but the means to effect the change must be non-violent. Protest mass actions must be realistic aims and must lead to a dialog and not to violence."

"We ask the present government to sharpen its perception of the real needs and situation of our people, including the military."

"President Aquino," the statement added, "promised that her government would be a government of consultation. We ask that mechanisms of wider consultation be set up and made operative so that wrong decision on important matters be avoided."

Sin told guests at the SSS anniversary rites: "After the euphoria, we went back to our ways of graft and corruption which we thought would end after the EDSA revolution. Many of our officials and employees, including parliamentarians, have returned to their old habits."

/13104

CSO: 4200/001

CANBERRA'S ENVOY REITERATES SUPPORT FOR AQUINO

Manila MANILA BULLETIN in English 13 Sep 87 p 25

[Text]

Australia supports the Aquino government in its efforts to attain political stability, solve the insurgency problem and achieve full economic recovery, Australian Ambassador to the Philippines John Holloway said the other day.

He said Australia, being a regional neighbor, has direct stake in the stability and political and economic well being of the Philippines.

Holloway said the latest coup against the Aquino government might have slowed down the flow of foreign investments from Australia but none of the more than 100 Australian companies and individuals with direct business interests in the Philippines has any intention of pulling out.

He said the level of Australia's direct investment in the Philippines, excluding portfolio investments, has never gone below A\$20 million while its total aid expenditures in the

Philippines is more than A\$25 million.

Holloway declined to comment on how the insurgency problem in the Philippines must be solved, saying that it will be an intervention in the country's internal affairs. He agreed, however, with the observation that legitimate grievances of the military must be properly addressed by the government.

The Australian ambassador assured the Philippines that his government will continue to strengthen the trade and cultural relations between the two countries.

"There are a number of important elements in the bilateral relations between Australia and the Philippines," Holloway said. "Around 7,000 Filipinos migrated to Australia in 1986 and 1987 making the Philippines a major source of migrants to Australia."

He said of the 7,000 migrants who went to

Australia in 1987, some 2,000 were spouses and fiances with the majority of the remaining migrants going to join their families in Australia.

The Filipino community in Australia has now more than 50,000 inhabitants, he added.

Asked about the request of the Presidential Commission on Good Government (PCGG) to the Australian government that the Philippines be furnished with information and copies of documents concerning companies and properties of former President Marcos in Australia, Holloway said some information has been passed on to the Philippine government.

"The Australian government has arranged for public records to be investigated and has made appropriate arrangements with the Philippine government for any relevant information to be passed on to it," Holloway said.

/13104

CSO: 4200/001

NDF DIRECTS FORCES TO STEP-UP RESISTANCE

Quezon City MALAYA in English 13 Sep 87 pp 1, 3

[Article by Joey Salgado]

[Text] The underground National Democratic Front yesterday called on all revolutionary forces to intensify unarmed and armed resistance against the Aquino government as it warned of a possible declaration of a state of emergency to justify renewed assaults on them.

Meeting reporters inside a New People's Army camp somewhere in the Sierra Madre, NDF official Satur Ocampo also said the involvement of the United States in the Aug. 28 coup attempt could not be ruled out.

"The US government is trying to create a situation where it can exert pressure on the Aquino government to adopt policies favoring American interests," Ocampo said.

In the same press conference, the NDF official denied military reports that NPA rebels blew up two bridges in Bicol recently.

Ocampo said the NPA Bicol Command denied involvement in the bombing and that the NDF is investigating the incident for possible involvement of "other forces" intent on destabilizing the Aquino government.

However, an NPA spokesman for Southern Tagalog, Ka Roger, admitted that communist rebels blew up a bridge in Real, Infanta, Quezon last week "to prevent government soldiers who were pulled out during the coup attempt from returning."

The NDF also:

- Said they may ask for foreign political and material support for the revolution, but denied having received guns and ammunition

from the Soviet Union.

- President Aquino will replace her Cabinet officials with conservatives.

- Criticized the Council of State as a group of businessmen and Church personalities who do not represent the people.

Ocampo revealed that the NDF had issued a directive for an escalation of rebel attacks against the factious military.

Predicting a return to "open fascist rule" similar to that of the Marcos regime, Ocampo said the Aquino government, rather than prevent such a repressive scenario, "would be the same instrument that would bring about (fascist rule) unless the people's resistance countervails."

Ocampo said recent decisions made by Aquino showed that government is intent in giving the Armed Forces a bigger role in running the government, "not only military affairs, but also in political directions."

Ocampo added that the military has failed in its counter-insurgency measures but would not admit this. They are pushing for sterner measures against the communist movement, he said.

The NDF signed a 60-day ceasefire agreement with the the government last year but further peace negotiations collapsed when both parties accused each other of insincerity.

The NDF said, "All the reactionary factions whether for or against Aquino, are one in pushing for the adoption of armed repressions as the main form of rule."

Ocampo said, "The people and the NDF forces should react by preparing for more militant resistance, both armed and unarmed to frustrate the regime's march to an open fascist rule."

NDF 'SENIOR OFFICIAL' ON SKILLS-FOR-ARMS SWAP

Quezon City MALAYA in English 13 Sep 87 p 3

[Text]

The communist-led National Democratic Front, shopping on a shoestring for arms, yesterday offered foreign revolutionaries guerrilla skills in exchange for weapons.

A senior NDF official made the proposal in an interview with Reuters in which he predicted President Aquino's "rudderless" government would eventually fall, first to the military, then to leftists.

"What we need particularly are anti-aircraft and anti-tank weapons. If there are people who want to donate any to our struggle we are open," he told Reuters.

"We are in a position to be of assistance to them. It's not just a one-way traffic. We can share our skills in guerrilla warfare," he said.

The interview with the official, who did not wish to be named, took place over beer and sausage in a German restaurant in Makati.

Two other NDF members were present.

The official would not be drawn on possible candidates for the arms-

for-skills swap, but said the Front could count on support from a variety of sympathetic countries and rebel movements.

Communist New People's Army rebels have been waging an 18-year-old insurgency across most of the country.

About 10 people die a day in the conflict.

"Militarily the NPA is much stronger now. It has had successes in practically all regions and there have been no major setbacks," the official said.

He said the Front did not grow in the first year of President Aquino's rule, but in the last six months, the membership had begun to rise again. He gave no current figures, saying they were confidential. In 1985, he said, NDF membership stood at five million.

The Philippines has 58 million people.

On the prediction of the 18-month-old government's downfall, the official said: "It might come sooner than you expect because there is a lot of de-

moralization creeping in to the ranks of the Armed Forces and growing infighting within the ruling class."

He said his group was planning on a takeover by the year 2,000 unless the United States intervened before that.

"In that event it would take longer. Such intervention can be prevented by a diplomatic offensive and the development of a strong anti-war movement in the United States," the official said.

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## NEGROS NDF LEADER QUILTS OVER STEPPED-UP VIOLENCE

Davao City THE MINDANAO DAILY MIRROR in English 15 Sep 87 pp 1, 7

[Article by Carla P. Gomez: "Top NPA Rebel Leader Resigns"]

[Text] BACOLOD CITY (Interco Press) — The recent shift in tactics of the Communist Party of the Philippines in Negros Island toward more violence seems to be driving many of its members, including some of its top leaders, into leaving the movement.

Military officials in Negros say the return of thousands of the CPP's mass base supporters back to government folds has driven the top leaders of the movement to adopt more violent means of achieving their goal to show that they are still a force to reckon with.

While others say the rebels are panicking and feel that violence is their only recourse.

However, whether the rebels in Negros are weakening is a matter of opinion.

Last month in one of their most daring attempts, New People's Army fighters raided two Bacolod police precincts killing a policeman and barangay tanod and wounding eight others. They also carried away numerous firearms.

Shortly after the Bacolod raid, hundreds of rebels raided Manapla about 44 kilometers north of Bacolod and burned its police station town hall and the house of its mayor. The military claimed 30 rebels were killed, but only two bodies were recovered.

On this first week of September they also killed Serafin Gatulao, a sugar planter of a prominent political family in Negros and two of his bodyguards, in an ambush staged in Himamaylan.

The rebels had also hijacked several delivery trucks of soft drink and cigarette companies, as well as vehicles from sugar farms.

Because of the upsurge of these activities early this month (Sept. 4) Negros rebel leader Napoleon Dojillo announced his resignation from the National Democratic Front.

He said he was doing so because of the movement's adoption of policies advocating the use of indefensive acts of terror in achieving its ends.

Dojillo, who made his announcement in a videotaped message shown by his brother Joel Dojillo in Bacolod City has been a member of the NDF for 15 years and acted as its public relations officer for the ceasefire period.

He said he was resigning from the movement because the "lofty ideals and high sense of justice and morality which had been its guiding principle have been dashed to the ground by the adoption of the recent policies of terrorism.

"I cannot in conscience agree or be party to the use of such

anti-people policies as taxation, confiscation, attacks on urban centers, looting and burning, indiscriminate killing, and highway robbery," Dojillo, 36, said.

Released in 1974 after a year in the Negros Occidental Philippine constabulary stockade, and about three months in Lahug, Cebu, he had left his wife and children to go underground in 1977.

His brother Edgar, who was also part of the revolutionary movement, was killed by government troopers in Talubang, Kabankalan, in October 1972.

With the adoption of its recent terrorists tactics, Dojillo said the movement has reduced itself to no better than the military and the evil gentry, whose acts we have always condemned, and the struggle against which had contributed tremendously to the growth of the movement.

This acts not only bring shame and dishonor to a noble cause; they also render worthless and deprived of meaning the sacrifice of thousands of martyrs in the altar of freedom. They must now be turning in their graves," he said.

Dojillo said he ended his membership with the National Democratic Front effective July 25.

"Whatever policies or acts the movement might have taken thereafter, I was no party to and whatever action I have taken and may take is beyond its control, he said.

It has come to the point, he said, that he must turn his back to the ideas, policies and practice that make a mockery of the

national democratic cause.

"They leave me with no option but to return to the mainstream of society, not in surrender, not in giving up on the struggle, but in the fervent desire to pursue the cause of justice and democracy in a more acceptable light, and through processes not contemptible in the eyes of our people.

"Indeed for some 15 years, I shared in the struggle and sacrifice that led to the banishment of tyranny from his country, but if the new government considers criminal my participation in the endeavor against the Marcos dictatorship then let the necessary charges be filed against me and let me be granted my day in court."

His brother Joel stressed that the rebel leader is not surrendering but is challenging the state to file charges against him. He also said his brother will come out when charges are filed against him provided bail is granted.

The lawyer also said that his brother cannot accept amnesty because it is an act of surrender.

Dojillo denied having part in the recent rebels attack on two Bacolod police precincts and the Manapla incident, as well as various hijacks.

The rebel leader also asked the people to receive him back into the mainstream of society so that together they can put an end to the bloodshed and hostilities.

"Your support for the cause of peace will provide the restraint that will forever bar me and many others from going back to the hills," he said.

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## REBEL RETURNEE PROGRAM FINDS 'SEVERE' JOB SHORTAGE

Davao City THE MINDANAO DAILY MIRROR in English 15 Sep 87 pp 1, 5

[Text]

**DAVAO CITY** — The Department of Social Welfare and Development (DSWD), tasked to lead the government's reconciliation drive, is encountering severe difficulties in giving jobs to rebel returnees, according to regional director Lina Laigo.

She noted the private sector remains hesitant if not totally indifferent to the plight of jobless ex-rebels. Only 20% of the total number of rebel returnees are gainfully employed.

Faced with the predicament, the government has initiated more livelihood projects to give ex-rebels a chance to turn over a new leaf. Laigo said that, at the very least, employment opportunities should be made available to returnees.

From May to July 30 this year, Laigo disclosed, the government has spent P1.8 million for services and livelihood projects for rebel returnees. Most of the amount involved was

spent for income-generating projects.

Among the projects were food processing, free vocational courses and livestock-raising.

At present, the Bayanihan Center located at the SPDA complex in Catalunan Pequeno, Talomo district, is conducting courses on mushroom culture, vegetable gardening and agri-culture, tocino-making and corned beef processing.

Meanwhile, the National Manpower and Youth Council (NMYC) is closely coordinating livelihood projects for rebel returnees by issuing drivers' licenses in coordination with the Department of Transportation and Communication and the Bureau of Land Transportation.

Malou Tarnate, city development welfare officer, said all rebel returnees have passed the recent examination given by the Amnesty Committee in Region XI. — (PIA/Palacio)

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NPA REPORTEDLY SHOOTS INTO SOCIAL GATHERING, KILLS 2

Davao City THE MINDANAO DAILY MIRROR in English 16 Sep 87 pp 1, 5

[Text]

**COTABATO CITY, Sept. 15**  
(PNA) — A dance party ended in tragedy when a group of armed men sprayed the crowd with bullets in Makilala town Cotabato Sunday, killing two people, the military said today. Killed were Jose Sales, a militiaman of barangay Saguing, and barangay captain Gregorio Remulta. Several others were also hurt but they were not identified.

The incident took place in barangay Libertad, an outskirts village of Makilala.

The military said the armed men reportedly belong to communist New People's Army (NPA), Makilala being a rebel-infested area.

Military authorities said Remulta, barangay captain of Libertad and Sales were specifically targetted by the attackers.

In the first volley of fire, the crowd scampered for safety, leaving behind Remulta and Sales, witnesses said. — (PNA)

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SAN JUAN REPORTS FILM AUDIENCE CLAPS AT RED FLAG

Quezon City NATIONAL MIDWEEK in English 16 Sep 87 p 41, 42

[Letter to Editor by E. San Juan Jr., Department of English, University of the Philippines: "In Defense of Balweg"]

[Text] After reading the "Unusual Critique" of *Philippine News and Features* on the film *Balweg* which you published recently (MIDWEEK, August 5), I was struck by its being an uncanny if reversed mirror-image of what it is addressing: the distortions and half-truths of the film as reported by five ex-comrades of Conrado Balweg, all of them unnamed.

It's uncanny because the report (selections from it) poses as a news item. Actually, it is a summary of a statement "distributed to media"; its source is conjectural and its countercharges unsubstantiated.

The film, I take it, is not a documentary but a fictional account centering on a real person, Father Balweg. The film is parasitic on a "real" discourse, as all illusions are. As a constructed illusion, it shares the conventions of film production and reception dominant in our cultural milieu. This would explain the heroic aggrandizement of the Balweg simulacrum (not the "real" Balweg), the romantic episodes, blood and violence, etc. In short, the whole film is made up — a contrivance.

Even assuming for argument's sake that all the claims of the unnamed critics are true — the film, that is, has no real referents — there is strikingly no mention at all of the crucial

politico-ethical problem posed by the film: the right or principle of self-determination of the Igorot people.

In its zeal to oppose a potential personality cult (which the film itself at various points openly disavows, and the critics don't refute the CPP's glamorizing of Balweg), our critics have chosen to be silent on the central issue foregrounded by the last portion of the film: the collision between the claim by the Igorots (represented by Balweg) that the Igorot struggle for self-determination has primacy for them, and therefore their interests cannot be subordinated to what the party claims should have priority. This forceful critique of instrumentalism, or commandism from above, awaits a response. In my view, this critique itself has been subordinated to the prior commercial needs of the producers which ultimately govern the aesthetics of this film. And so the critics insist on something the film never takes issue with: that "history proves. . ." Balweg would agree that the Igorot struggle will go on without him, and that he is indivisible from his people's polity.

If the film is indeed full of lies and falsifications, why should our critics worry? Don't they trust the political acumen and sensitivity of the masses whom they've always acclaimed as

"the makers of history" to make the correct judgment? If the audience has been so deceived, I would like to know from the critics why people would clap when they see the hammer-and-sickle unfurled, or the brutal military punished.

Aren't we really faced here with a more complex experience incapable of being reduced to a few polemical allegations, an experience whose message and force depend on whose will articulates them? I am afraid the five critics, for all their good intentions, have shortchanged themselves without their knowing it.

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